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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2245



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GDR SEEKS PARTIAL LIFT OF CEMA INTEGRATION

Munich SUEDEDEUTSCHE ZEITUNG in German 9 Feb 82 p 19

[Report by 'W.S. Berlin': "GDR Depresses Deficit in Foreign Trade: Volume 10 Percent Higher in 1981--Plan Not Fulfilled"]

[Text] The survey of GDR foreign trade which becomes constantly more meager in the GDR plan fulfillment report, this time again was not very revealing. According to the report the volume increased 10 percent even though the plan target was 16 percent. Hence, the plan was not fulfilled.

This is also admitted indirectly, for the report says verbatim: "Some combines and enterprises failed to fully reach the envisaged high goals for exports." But we must do them justice and add that the GDR in 1980/81 scored a remarkable feat in foreign trade. Along with a purposeful throttling of the import increase rates exports were considerably increased. According to a balance sheet now made up by the specialized journal DIE BERLINER WIRTSCHAFT in West Berlin the GDR as early in 1980 succeeded in turning its trade balance deficit with the Western industrial states in the amount of about 770 million dollars into a surplus of just about 70 million dollars. This development continued in 1981.

Even though no exact figures are available it stands to reason that the GDR in 1981 may well have attained a foreign-trade surplus on the whole. After the deficits of the seventies this is all the more remarkable since the GDR's raw-material and energy imports from the Soviet Union continue to involve a price-increase automatism. Logically the GDR imports from the USSR in 1981 again showed an above-average increase. In this connection it is necessary to note that the Soviet Union will decrease its oil deliveries to the GDR by a total of 4 million tons to 17 million tons a year. This entails a certain relief on the GDR trade balance with the USSR which otherwise continues to show a structural deficit.

In order to reduce this deficit vis-a-vis the Soviet Union the GDR under the 5-year plan from 1981 to 1985 proposes to further enhance the bilateral economic relationship with its most important trade partner. While in 1980 the GDR deficit still came to nearly M2 billion in a mutual goods exchange amounting to M42.6 billion or more than one-third of the GDR's total foreign trade volume,

it seems that the GDR managed to reduce that deficit in 1981. In the GDR's foreign trade turnover of M132 billion, which involved an increase by 10 percent, trade with the USSR showed an above-average increase rate of 17 percent to a volume of nearly M50 billion. This is why the proportion of this bilateral goods exchange increased to nearly 38 percent (in 1980: 35.5 percent).

What also fits into this strategy of the GDR which climaxes in the objective of reducing by 1985 the debts vis-a-vis the USSR dating back to the past years of high trade balance deficits in the bilateral goods exchange, is the attempt to partially revoke integration within the framework of CEMA. It is not just in the case of Poland that the responsible people in the GDR in individual cases gathered unfavorable experience with respect to the quality and promptness of deliveries by the cooperation partners.

CSO: 2300/158

REPORT ON FULFILLMENT OF 1981 ECONOMIC PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 3 Feb 82 pp 1, 2

[Report published by the Committee for the Unified Social Information System: "A Happy Accounting, Full-Scale Development; Results from the Fulfillment of the 1981 Bulgarian Unified Socioeconomic Development Plan"]

[Text] During the jubilee year of 1981, as a result of the developed socialist competition and the high labor enthusiasm of the labor collectives, in carrying out the decisions of the 12th BCP Congress, they have successfully fulfilled the Bulgarian socioeconomic development plan. The economy has continued to develop steadily. New qualitative changes have occurred in the development of the material and technical base and in raising the standard of living of the people. This has been the result of the further intensification of the national economy and of the consistent application of the economic approach and its mechanism.

The plan was fulfilled for the production of national income with its volume, according to preliminary data, reaching 22 billion leva in current prices. The fixed capital in the national economy at the end of 1981 was 82.7 billion leva.

The annual plan was also fulfilled for social labor productivity and profit. The realized above-planned profit amounted to 470 million leva and this was to a significant degree due to the reduction in material expenditures.

The production programs for industry, construction, transportation and communications were overfulfilled. The plan for introducing scientific and technical achievements into practice was fulfilled by 107.5 percent. Some 1,407 new and improved production methods were introduced along with 1,230 new and improved articles and 551 plans for automated system.

There was the further comprehensive satisfying of the material, spiritual and social needs of the people. Over 75 percent of national income went into the consumption fund.

Real per capita income increased by more than 3 percent.

More locally produced goods were available to the public. The domestic market was more dependable, richer and more diverse.

I. Industry

The economic organizations and divisions fulfilled their annual plans. In comparison with 1980, industrial product increased by 5.6 percent. The production of electric and thermal power rose by 6.8 percent, ferrous metallurgical products by 6.4 percent, machine building and metalworking products by 6.6 percent, the products of the electrical engineering and electronics industry by 10.1 percent, the chemical and rubber industries by 11.1 percent, the light and food industries, respectively, by 5.4 and 3.2 percent.

The fulfillment of the plan for sold commodity product and the production growth rate for the ministries was as follows:

	(in percent)	
	Fulfillment of annual plan for sold commodity product	Total industrial product 1981 over 1980
Ministry of Power Supply	101.4	105.7
Ministry of Chemical Industry	101.2	106.9
Ministry of Machine Building and Electronics	101.3	107.9
Ministry of Light Industry	102.5	105.6
National Agroindustrial Union	101.1	103.5
Ministry of Construction and Architecture	100.0	105.3
Ministry of Metallurgy and Mineral Resources	98.2	103.5
Ministry of Forests and Forest Industry	100.8	104.8
Ministry of Internal Trade and Public Services	104.3	106.1

The needs of the national economy were more fully satisfied for the more important raw products and materials as well as for commodities going to the domestic market and exports.

The production of certain basic industrial products was as follows: [see the next page]:

The plan was also fulfilled for the production of cranes, high-voltage circuit breakers, cables, plated sheet, digital program devices for metal cutting machines, household glassware, silk textiles, tobacco goods and so forth.

A number of economic organizations did not reach their planned quotas for the production and sales of important products for the national economy, including: conversion iron, rolled ferrous metals, ingot steel, structural shaped steel, unit-head machines, electric tools, polyvinyl chloride, softwood lumber and pieces and chipboard panel.

	Produced product	1981 in % of 1980
Electric power, million kilowatt hours	36,964	106.1
Rolled ferrous metals, 1,000 tons	3,350.8	104.3
Electric hoists, thousands	125.7	100.3
Battery operated plant trucks, thousands	40.7	92.8
Internal combustion engine plant trucks, thousands	21.0	96.8
Power transformers, thousands	8.4	110.2
Soda ash (98%), thousand tons	1,468.7	99.3
Nitrogen fertilizers (100%, including carbamide), 1,000 tons	752.8	103.1
Chemical fibers and rayons, 1,000 tons	101.3	106.3
Paper, 1,000 tons	343.9	108.8
Pulp, 1,000 tons	222.4	103.2
Cement, 1,000 tons	5,443.4	101.0
Cotton textiles, million meters	352.5	102.3
Woolen textiles, million meters	37.8	97.9
Silk textiles, million meters	35.3	105.4
Footwear (excluding slippers), 1,000 pairs	18.7	104.1
Meat, 1,000 tons	476.3	102.2
Meat products, 1,000 tons	94.2	102.9
Butter, 1,000 tons	20.7	96.4
Vegetable oils, 1,000 tons	142.5	91.1
Canned vegetables, sterilized, 1,000 tons	293.5	103.0
Canned fruits, 1,000 tons	308.8	116.5

During the year the industrial enterprises introduced 225 mechanized flow and automated lines and 149 sections, shops and production lines with full mechanization and automation.

The costs of industrial products have declined. The efficiency of industrial production has risen.

Some 380 million leva of above-plan profits have been realized.

II. Agriculture

Total agricultural product increased by about 4 percent in comparison with 1980.

Production increased for the basic agricultural crops. In comparison with 1980, grain production was 11.4 percent higher, for sunflower 17.9 percent, for Turkish tobacco 7.8 percent, for vegetables 5.9 percent and for fruits 11.3 percent. Regardless of the increased production, the plan for a number of crop products was not fulfilled mainly due to the smaller planted area in comparison with the plan and the lower average yields in certain drought areas.

Livestock products have also increased. Dressed meat has increased by nearly 1 percent, milk (with a 3.6 percent fat content) by 1.4 percent and eggs by 0.7 percent.

The number of farm animals and poultry on all categories of farms was:

	(thousands)	
	1 Jan 82	1 Jan 81
	in % of	
	1 Jan 82	1 Jan 81
Cattle	1,807	100.6
Including: cows	706	100.6
Sheep	10,725	102.8
Pigs	3,843	100.9
Poultry	40,554	97.4

There has been ongoing deepening of agroindustrial integration, specialization and the introduction of industrial methods in livestock raising.

At the end of the year, agriculture possessed around 150,000 tractors (in 15-hp units).

Agriculture received 1,043,500 tons of mineral fertilizers and this was 25.7 percent more in comparison with 1980.

Certain agricultural organizations permitted weaknesses of an organizational nature in harvesting, in using the equipment and purchasing the products. In comparison with 1980, the purchasing for virtually all agricultural products increased but the plan was not fulfilled.

The increased activities of the obshtina people's councils, the agricultural organizations and enterprises have contributed to the increased agricultural production and the fulfillment of the national self-sufficiency program. The production of fruits and vegetables, milk and eggs on the private and auxiliary farms has increased.

III. Construction

In 1981, 5.9 billion leva of fixed capital were put into operation and this was 9.8 percent more in comparison with 1980. New projects were built such as the polypropylene installation at the Burgas petrochemical SKhK [Economic Chemical Combine], oleum production in Devnya, the Boris Antov Plant in Breznik, the industrial rubber products plant in Madan, the chemical machine building plant in Khaskovo, the fourth turbine block at the Maritsa Iztok-3 TETs [Thermoelectric Power Plant], the first stage in expanding the N. Iliev plant in Sevlievo and others.

New projects have been built and others expanded for satisfying the public's need for foodstuffs and industrial goods. These include: the bakery in Troyan, the brewery in V. Turnovo, the winery in Asenovgrad, the cheese shop in Purvomay, the Dorostol fish farm in Silistra, a mill and fruit storage facility in Sliven, and wallpaper production at the SKhK in Botevgrad.

The construction program was overfulfilled.

The plan for completing fixed capital was fulfilled by 95.4 percent.

A number of investor economic organizations did not completely or partially finish production capacity and fixed capital at important projects such as the Elprom [Electrical Industry] DSO [State Economic Trust]; the semiconductor equipment NPK [scientific-production combine] in Botevgrad; the chemical machine building DSO; the Srednogorle SMMK [expansion unknown, possibly a type of construction combine];

the Kremikovtsi SMK [construction-installation combine], the Lenin SMK in Pernik; the Bulgarian state railroads SO [State Trust]; the SMEK [economic mining and power complex] in Pernik; the Cement and Lime DSO; the Household Appliances DSO; the Burgas NKHK [Petrochemical Combine]; the Sofia vegetable storage facility; the Dobrudzha Plant in Ispirikh; bakeries in the towns of Gotse Delchev, Tryavna, Velingrad and Mikhaylovgrad.

During the year the expected decline in incomplete construction was not achieved. Certain shortcomings were not overcome in the organization of work such as a lack of manpower, building materials, construction equipment and so forth.

IV. Transportation and Communications

In comparison with the previous year, freight shipments increased by 3.6 percent. The work performed by all types of transport amounted to 96 billion ton kilometers, or 2.7 percent more in comparison with 1980. Passenger traffic increased by 4.2 percent with an increase in motor transport by 4.3 percent and urban rail transport by 5.6 percent.

The transport infrastructure continued to develop rapidly. Some 149 km of electrified track and 90 km of double track were completed, the highway section between Yana--Vitinya, a new automatic humping center at the Poduyane switching yard, the expansion of the Burgas airport complex and others.

Certain technical and economic indicators for the use of means of transport were improved. The turnaround time of freight cars improved by 8.5 hours and the average daily run by 7.3 percent. The average gross weight of a freight train increased by 0.6 percent in comparison with 1980. Social labor productivity rose by 5.9 percent.

There were disruptions in the transport schedules in the operation of the transport.

The realized income from the services performed in communications rose by 1.2 percent in comparison with 1980. In 1981, the postal network was expanded by 32 post and telegraph stations. Some 126,000 new telephones were installed.

V. Foreign Economic Ties

Foreign trade rose by 15 percent in comparison with 1980. The positive changes in the export structure were continued in 1981. In comparison with 1980, we exported 553 million leva more of machinery and equipment. The improvement in the balance of payments continued in 1981.

VI. The Standard of Living of the People

The fuller and more complete satisfying of the people's needs as the main socio-economic task of the Eighth Five-Year Plan was continued.

The income of the public rose. Average monthly wages of employees surpassed 190 leva. Public consumption funds increased by 3 percent in comparison with 1980. The realized retail commodity turnover during the year exceeded 12 billion leva and increased by 4.6 percent in comparison with 1980. Per capita meat consumption rose

by 2.9 percent, by 1.1 percent for milk, by 2.5 percent for eggs, by 2.3 percent for sugar, by 4.5 percent for vegetables and by 7.8 percent for fruit. Footwear consumption increased by 10 percent and by 3.3 percent for knitwear articles.

Trade and consumer services were improved. Some 3,184 trade facilities were opened along with 1,273 consumer service facilities at enterprises in the material sphere. The plan for consumer services was fulfilled by 104.3 percent. Regardless of this, the increased demands of the public have still not been fully satisfied, particularly for the repair of radio and TV equipment, textile and knitwear services and dry cleaning.

In 1981, 70,308 residences were completed and turned over to the public, but the plan was not fulfilled by 2.9 percent. New children's nurseries with 7,223 places were completed and children's creches with 860 places. The nurseries cover around 76 percent of the children and the creches 21.8 percent.

During the year, over 98,000 young men and women completed their secondary education. Over 50,000 specialists were trained for the national economic sectors, including 18,000 with a higher education, 7,400 with a semi-higher and 25,000 with a specialized secondary education. Over 6,800 of those completing their higher education were in the engineering and technical specialties.

Beds in vacation facilities increased by about 106,000. Around 1 million persons took vacations there. Organized leisure at school camps was provided for 39.5 percent of the students of grades 1 through 11.

The basic tasks in the cultural area were fulfilled. Theatrical performances were given to 6 million spectators and films were shown to 92 million viewers. Bulgaria produced 42 full-length films, 230 short- and medium-length films, 42 documentary films and 172 TV films. In 1981, the library holdings reached 96 million. The number of books and pamphlets published increased from 53.9 million in 1980 to around 61.5 million in 1981.

At the end of 1981, the Bulgarian population reached 8,903,000 persons.

VII. Conservation of Nature

In 1981, activities continued to be broadened in natural conservation. Over 314 million leva were used to carry out these measures. Some 788 conservation projects were completed.

The relative share of recovered harmful substances from the total quantity released into the atmosphere with industrial gases reached 75.4 percent while the share of treated water in the total volume of waste water was 45.6 percent. The construction of urban treatment stations has fallen behind. The annual plan for the capital investments to build them was fulfilled by 62.8 percent.

During the year, over 3 million tons of various waste products were not released as a result of introducing waste-free production methods. From them we produced additional product valued at 100.5 million leva. The newly completed recycling water supply systems save 289 million m³ of water annually.

Erosion prevention was carried out on nearly 468,000 decares, over 11,000 decares of destroyed area were recultivated and around 45,000 hectares of swampy area were drained. Chemical reclamation was carried out and the fertility restored on nearly 154,000 decares of salined area and soils with harmful acidity. Over 3.9 million decares were treated with biological agents and integrated plant protection methods. Over 327,000 decares of new forests were planted and 276 new areas were surveyed, studied and declared under protection of the Law Governing the Conservation of Nature. Some 22 installations were silenced and moved while 36 bypasses, noise barriers and so forth were built.

The results achieved in the socioeconomic development of Bulgaria during 1981 were a good basis for fulfilling the plan in the second year of the Eighth Five-Year Plan and the five-year plan as a whole.

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COUNCIL OF MINISTERS REVIEWS FULFILLMENT OF 1981 PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 3 Feb 82 pp 1, 2

[Unattributed article of the Bulgarian Telegraph Agency: "At the Council of Ministers"]

[Text] Yesterday an enlarged session of the Council of Ministers was held with the participation of the chairman from the executive committees of the okrug people's councils and the general directors of the economic organizations. It discussed the results of fulfilling the 1981 national socioeconomic development plan and outlined measures to ensure the realization of the plan tasks in 1982.

Participating in the work of the meeting were: the Candidate Member of the Politburo of the BCP Central Committee and Chairman of the Central Council of Bulgarian Trade Unions, Petur Dyulgerov, and the secretaries of the BCP Central Committee, Georgi Atanasov and Vasil Tsanov.

The fulfillment of the plan during the first year of the Eighth Five-Year Plan was a successful beginning to carrying out the plans of the 12th BCP Congress. As a result of the enormous organizational and political work carried out under the party's leadership and the nationwide socialist competition which has been developed by the labor collectives of the enterprises, the agroindustrial complexes, economic organizations, scientific institutes, engineering-introduction organizations, the ministries and departments, new successes have been achieved in further national economic development and in the growth of the economic and scientific-technical potential of the nation. Produced national income rose. Industrial product and agricultural production increased. New fixed capital was put into operation. The process of intensifying social production was strengthened in all the sectors and activities of the economy.

The main socioeconomic task of the Eighth Five-Year Plan was successfully carried out. The standard of living of the public reached a new, higher level. Real per-capita income increased. Average monthly wages of employees rose. The plan was overfulfilled for retail trade and consumer services for the public. There was an increase in the consumption of the basic foodstuffs and nonfood commodities and consumer durables. Wider services were provided to the public. A large amount of housing was completed and turned over for use. New children's nurseries and creches were put into operation along with other social, domestic and cultural projects.

The nation's participation in the international division of labor and particularly in socialist economic integration has deepened. The policy of all-round integration and cooperation with the Soviet union has gained new dimensions.

Along with the positive results, the session thoroughly analyzed the weaknesses committed by certain enterprises and economic organizations which did not fulfill the planned state tasks for the basic physical indicators, for the production of goods and services for the public and for profit and foreign exchange earnings.

The Council of Ministers obliged the general directors of the economic organizations, the chairmen of the executive committees of the okrug people's councils and the ministers, in accord with the tasks outlined by Comrade Todor Zhivkov at the October National Conference (1981), to take effective measures to overcome the permitted weaknesses. The need was emphasized for a more rapid reorganization in the leadership of the economic organizations and enterprises, the ministries and departments for fully utilizing the advantages of the economic approach and the new economic mechanism.

It was decided that the economic organizations in their 1982 counterplans are to provide compensation for the unfulfilled 1981 state plan quotas, in paying special attention to the basic product types which ensure the national balances and quality indicators with the aim that each organization will guarantee the fulfillment of quotas for the Eighth Five-Year Plan as a whole.

Emphasis was put on the important task of effectively utilizing fuels, energy, raw products and materials as well as production capacity, of increasing the exactingness and responsibility for manifestations of mismanagement and embezzlement and of strengthening state, planning, financial and labor discipline.

The corresponding economic organizations were instructed to actualize and coordinate with the executors the final schedules for planned repairs in 1982 in the aim of preventing a halt in production caused by equipment breakdowns.

The economic organizations, the executive committees of the okrug people's councils, the ministries and departments were instructed to undertake specific measures to improve work in the area of construction, in ensuring a further concentration of the material, labor and financial resources on building the capacity planned for completion and for reducing the volume of incomplete construction. Special concern is to be shown for the rapid construction of housing. Particular attention is to be paid to providing high quality plans for newly built projects.

The government has issued instructions to the Central Council of the National Agroindustrial Union and the okrug agroindustrial unions to create the necessary conditions for planting all the planned areas in accord with the planting dates, in paying particular attention to the planting of the spring crops and chiefly corn.

Special attention was paid to measures ensuring an even-calmer and richer domestic market in 1982. The task was posed of bringing contractual discipline to a higher level and increasing the production of the assortments and commodities in demand by the public and satisfying their increasing needs. A system must be more widely developed for self-sufficiency in foodstuffs and work must be improved for the subsidiary farms and full social services.

The Council of Ministers expressed the confidence that the economic organizations, the executive committees of the okrug people's councils, the ministries and departments, on the basis of the economic approach and the new economic mechanism, will increase labor and political activeness to carry out the decisions of the 12th BCP Congress and will further activate the nationwide socialist competition for successfully fulfilling and overfulfilling the 1982 counterplans as this is an important prerequisite for carrying out the tasks of the Eighth Five-Year Plan.

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COMMENT ON FULFILLMENT OF 1981 ECONOMIC PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 3 Feb 82 p 2

[Article by Dano Balevski, Chairman of the Committee for the Unified Social Information System: "Stable and Steady Paces"]

[Text] The 1981 balance sheet has shown that the plan for the socioeconomic development of Bulgaria was fulfilled in terms of the basic qualitative and other indicators. Our national economy continued to develop at a stable and steady pace. The line has been continued of the further comprehensive satisfying of the constantly growing material, spiritual and social needs of the people on the basis of intensifying the national economy, the consistent application of the new economic approach and its mechanism and the further improving of socialist social relations.

The sectors and production creating conditions and means for intensification in all the national economic spheres have continued to develop at a more rapid rate. The economic potential of the nation has increased. Fixed capital has reached the impressive figure of 82.7 billion leva. Produced national income amounted to around 21.5 billion leva and a larger portion of the increase has been a result of a rise in social labor productivity.

Last year new and advanced production methods, products and plans for automated systems were introduced into production. A significant portion of them was Bulgarian developments. Industry as a whole and its basic sectors such as power, ferrous metallurgy, machine building and the chemical industry, achieved significantly better results than in 1980. There has been a trend toward accelerating the process of product sales. All the basic ministries overfulfilled their sales plans.

During the jubilee year, the industrial sectors produced, in comparison with 1980, more electric power, rolled ferrous metals, power and telephone cables, nitrogen fertilizers, chemical fibers, pulp, cotton textiles, canned fruits and vegetables.

Due to incomplete capacity loads and the nonfulfillment of contractual obligations by certain economic organizations, however, the plan was not fulfilled for the production of ingot steel, electric tools, sugar and meat.

In 1981, agriculture produced more grain, sunflower, cotton, vegetables, fruits and other products in comparison with 1980. Increased production on the private farms also contributed its share to increasing agricultural product.

The physical plant of the national economy has continued to expand and be improved. During the year fixed capital valued at 5.9 billion leva was completed. Projects were built which increased the production potential of Bulgaria as well as those which provide an opportunity for producing more consumer goods.

Certain technical and economic indicators were improved for the use of transport. The transport and communications networks were improved. As a result of this, during the year all types of transport achieved record results with 100 billion ton-kilometers and the income realized from communications services rising by 1.2 percent.

Our foreign economic ties were also more active. Two-way trade increased by 15 percent. The nation was visited by 6 million foreigners.

An expression of the great attention shown by the party and the government to ecological problems has been the broader activities in the area of protecting nature and 314 million leva were spent for this purpose.

The real per capita income in 1981 rose by around 5 percent. Average monthly wages of employees exceeded 190 leva. All of this ensured higher consumption of goods and services. The increased consumption of all basic foodstuffs with the exception of bread and bakery goods and rice indicates positive changes in the structure of our diet.

In 1981, the public received around 70,000 new residences and this was a new step to solving the housing problem.

The results achieved last year in the socioeconomic development of the nation are not only a source of pleasure but also a source of obligation. For carrying out the decisions of the 12th BCP Congress during the second year of the Eighth Five-Year Plan there must be the fuller and more efficient use of the material, labor and financial resources for solving the main economic and political task, that is, the ever-fuller satisfying of the increasing material and spiritual needs of the people.

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PRODUCTS OF COMPUTER INDUSTRY DESCRIBED

Isotimpex, Export-Import Specialists

Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 pp 1, 4

[Article by D. Vesselinov, head of the Isotimpex Sales Department]

[Text] Isotimpex is a foreign-trade organization dealing in the export and import of automated management systems, computers, business machines, electronic measurement and control devices, automation, electronic and contractor elements, as well as machines and equipment designed specially for the manufacturing and maintenance of such hardware.

Established in 1968, it is now one of the major Bulgarian firms doing business abroad.

Progress in technology and the boom in electronic and electrical engineering have increased exports enormously, to a level in 1980 which was 36 times that in 1970, and 14 per cent higher than in 1979. The upward pace was maintained throughout 1980 and 1981, with exports reaching nearly a thousand million dollars' worth annually.

Isotimpex FTA at the same time imports machines and equipment for the needs of several other Bulgarian corporations, including Isot, Priboroostroene i Avtomatizatsia (Instrument-making and Automation), Electromateriali i Gradivni Elementi (Electric Materials and Components), and Electron.

The plants of these associations use sophisticated technology and a high degree of specialization and cooperation, characterized by profitable mass production and highly-trained personnel which maintains the automation and mechanisation devices, etc.

Isotimpex itself provides efficient service both during and after the maintenance period. Its PR officers seek to establish the corporation's name ever better on the world market.

All in all there are 14 plants and four research organisations in Bulgaria belonging to the ISOT Corp., and another nearly 120 plants from other

machinebuilding sectors which are involved in manufacturing computer and business hardware.

Their production list includes medium-type computers, central processors, flexible magnetic disc peripheral memories, control desks, printers and video-terminals, data-preparing devices, teleprocessing systems, problem-oriented calculators, typewriters, electronic cash registers, etc. Numerous new products are added to this list every year.

The major part of this output is earmarked for the socialist countries, in line with the specialisation programme of the Council for Mutual Economic Assistance. The USSR is the corporation's top client, followed by the GDR, Hungary, Poland, Czechoslovakia, Cuba, etc. Recently, there has also been a severalfold growth in the export of computers and business machines to such non-socialist countries as Austria, Federal Germany, the USA, Italy, Britain, France, Turkey and India.

Steady development in the manufacturing of computers and business machines, devices, automation means and semiconductor hardware, together with the regular launching of products based on principally new methods help Isotimpex score greater exports with each passing year, and establish itself on the international market.



1035 computer centre -- made by the Sofia Computer Hardware Plant

Plovdiv Typewriter Works

Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 p 4

[Article by E. Emanouilova]

[Text] The Plovdiv Typewriter Works have a production list which includes portable typewriters of the Maritsa family, lightweight portable electric typewriters of the Hebros family, and electric office typewriters of the Maritsa

family. The works manufacture also printing devices for small and big computers.

The high qualification of staff and personnel and the strict observance of manufacturing standards have enabled the works to find steady customers in 65 countries around the world, including the USSR, USA, Canada, UK, Belgium, France, Greece, Turkey and Australia.

Incorporated in the works is an R&D enterprise working on new methods and designs for the mechanization and automation of production processes. This enterprise maintains contacts and cooperates with twenty of the country's R&D and higher educational institutes, and with the Plovdiv branches of the Bulgarian Academy of Sciences. Among the products designed and developed by it are the new portable Maritsa 30 typewriter, the Hebros 300 and Hebros 300L electric typewriters, and a series of computer printing terminals. Works is currently going on with the development of new typewriters, desk-top printers, high-speed printing devices, system terminals, etc. These feature high technical ratings and modern design.

The design and introduction of new products and manufacturing methods is attuned to the trends of the international market. The Typewriter Works maintains close contacts with the Robotron Company of the GDR and its plants in Erfurt and Dresden, Olivetti of Italy, Olympia of the FRG, etc.

The Typewriter Works in Plovdiv is among the biggest within the system of ISOT Corp. Their production list and international economic relations are expanding dynamically in a modern world economy.

Orgtehnika Plant of Silistra

Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 pp 4, 5

[Article by G. Kairov]

[Text] The Orgtehnika Plant in Silistra, manufacturers of business machines, is one of the leading plants within the system of the ISOT Corp., with products that compare with the best on the world market.

Elka 21 was the first electronic calculator produced by the plant, followed by the Elka 22 and Elka 25, featuring inbuilt discrete elements, and then the Elka 40, 41, 42 and 43, with solid-state circuits.

In view of the national economy's growing demand for electronic products, the plant started manufacturing a system of minicomputers with printers under licence from the Japanese firm Seiko.

Orgtehnika's series of pocket-size calculators, Elka 101, 103, 105, 130 and 131, have been selling well in the FRG, France, Britain and elsewhere.

Through the Isotimpex Foreign Trade Corp., Orgtehnika has also been exporting electronic calculators Elka 51, 55 and 1300, Elka 80 electronic cash registers and other products in the USSR, Czechoslovakia, Poland, Hungary and other countries.



Elka 90 made by the Silistra Business Machines Plant



Elka 89 calculator made by the Business Machines Plant in Silistra



ISOT 1002 C word-processing machine made by the Business Machines Plant in Silistra



ELTAX 20 made by the Silistra Business Machines Plant

Elka 80 cash registers are finding wide application in the retail network. They feature three accumulating registers of sale sum, one register for deduced amounts, and two registers for temporary addition or subtraction. The calculator performs all basic arithmetic functions and works in two modes. Linked to the register is an electric cash drawer for notes and coins. When disconnected from the mains, the register's battery is capable of preserving the memorised data intact for a period up to one month.

The Orgtehnika Plant manufactures also electric mimeographs OT-2008 for duplicating texts and diagrams, graphics and drawings in small numbers, from stencils that are either handwritten, typed or electronographed. The feeding of paper and ink is automatic, and the machine turns out between 50 and 150 copies per minute.

The ISOT 1002 C word processor is another interesting new product capable of performing the following operations: drafting, editing, referencing, and printing texts of documents. The machine weighs just under 190 kg.

The ISOT 250 management system is one of the achievements of Orgtehnika. This is a sophisticated system for the processing of economic data. It features very good technical and economic ratings, high processing speed and excellent reliability. The input is performed from a keyboard complete with translating device; the machine further checks the programme and records it on a diskette. The programme can be duplicated, texts and data can be transferred from one diskette to another, and diskettes can be duplicated. Weight: about 150 kg.

The ISOT 250 management system finds broad application in the industry, agriculture, transport, commerce and the building trade. It helps achieve optimum organization of labour in various sectors of the economy.

The Orgtehnika Plant also manufactures a machine called Sekret, designed to destroy letters, invoices, drawings, copies, and other documents by shredding them into thin strips. It can shred between 8 and 12 sheets of paper at a time, and weighs 35 kg.

All products manufactured by the Orgtehnika Plant in Silistra are designed at the Computer Technology Institute in Sofia by highly-trained experts.

The output of Orgtehnika features high quality and reliability, which makes it quite popular a trademark in many countries around the world.

Solid-State Circuits Plant

Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 p 5

[Article by G. Todorov]

[Text] The Solid-state Circuits Plant in Rousse is one of the major enterprises of Bulgarian electronic engineering.

From seven million leva' worth at the beginning, its annual output has reached a level of 160 million leva and shows a tendency of sustained growth. Flexible and

multilayer printed circuits with metallized outlets are the plant's main product. Besides, it manufactures various electronic units for the entire industry, including magnetic tape memory units, peripherals, disc memory units, different system testers, data-transfer terminals, and video-terminals with printers.

The plant produces also electronic components for the generation of R-35 computers.

The manufacturing of these complex systems and units requires absolute precision and great skill. Most of the operations are performed by highly-trained personnel using modern technology. Besides them the plant employs over 70 engineers, most of whom have specialized in the USSR, GDR or elsewhere abroad.

The plant's computer centre performs, among other things, final control over output. It also evolves the production programmes, plans, etc., and solves various tasks related to the complex technology.

The plant meets the entire domestic demand for solid-state circuits and sells part of its output in the FRG, Austria, Switzerland and elsewhere.

Stara Zagora Memory Units

Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 p 5

[Article by S. Savov]

[Text] The Stara Zagora Amalgamated Works for Memory Units, equipped with up-to-date machinery, are the chief manufacturers of disc memory units in the countries of the Council for Mutual Economic Assistance.

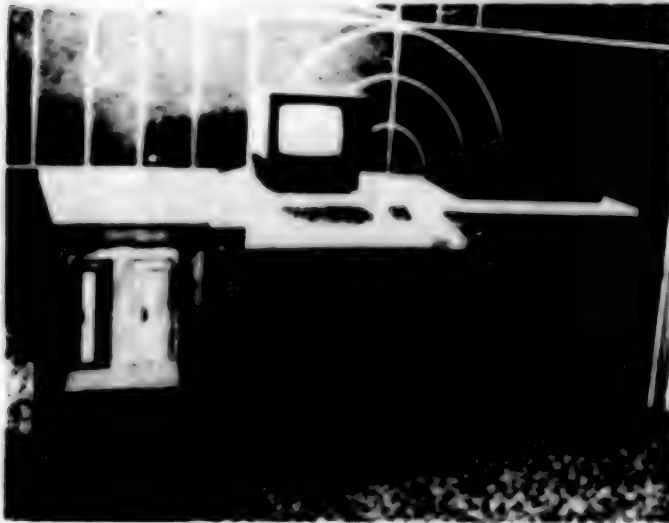
In recent years, it has laid emphasis on a range of such new products as floppy and miniflop discs. Five types of memory units featuring high basic technical and economic ratings have been launched in production. Servo-technology is used to manufacture memory units, which increases the radial and axial density of data-recording severalfold. The flexible magnetic disc units with contact recording are also of very high quality. The first industrial-robot controlling device was launched into production recently.

Mastering modern technologies of making new products have led to higher productivity.

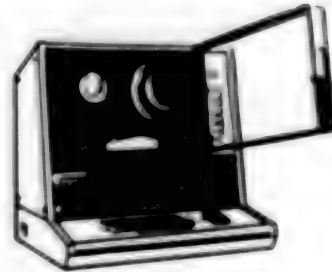
The range of peripheral memory units is now being updated through an increase of the recording density and a cut in perbit recording costs by the adoption of new structures that consume less metal and raw materials in manufacture. The range of floppy disc devices of double density and two-side recording capacity is being developed with priority. Thin-layer technology with density up to 10,000 bits per inch is to be introduced soon. At the same time, production is starting of new generations of semiconductor-based memory units, together with an accelerated development of control devices for all types of industrial manipulators and robots, made by the Beroe Robotics R&D Combine in Stara Zagora.

Computer Equipment Photographs

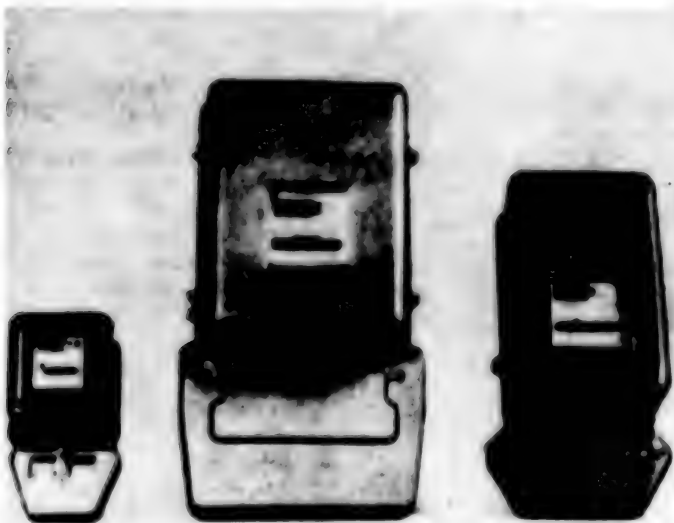
Sofia ECONOMIC NEWS OF BULGARIA in English No 11, 1981 pp 4, 5



ES 9004 made by Elektronika
Plant in Sofia

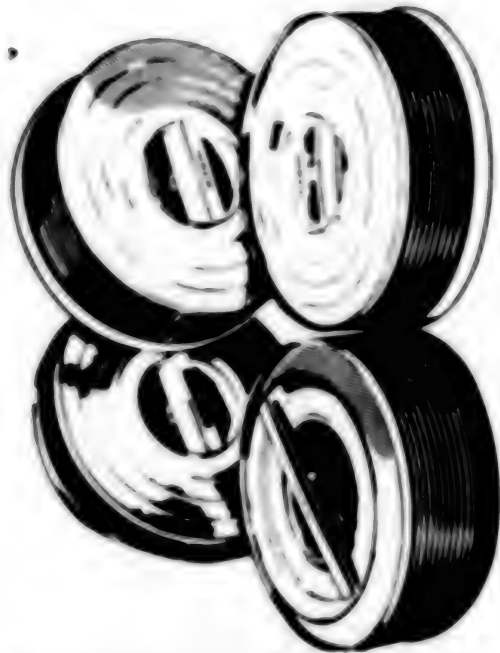


ES 9002 device for the input of
data on magnetic tape

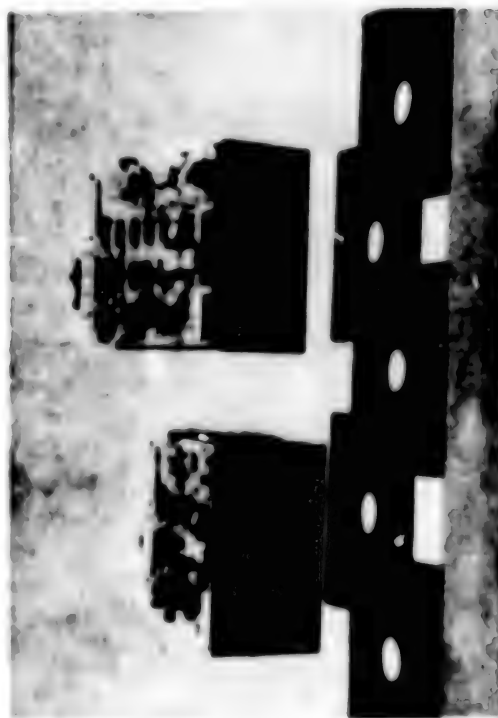




ES 9113, a product of Elektronika Plant in Sofia



Diskettes made by the Pazardjik factory



Floppy disc made by the Amalgamated Works in Stara Zagora



Word processing machine made by Elektronika Plant in Sofia

AGENCIES, ORGANIZATIONS TO REDUCE WHITE COLLAR STAFF

AU190915 Bratislava PRAVDA in Slovak 17 Feb 82 p 4

[Article by Frantisek Zdobina: "Pondering the First Stage of the CSSR Government's Thrift Program; Too Much Paper Work in Management and Administration"]

[Excerpt] In accordance with the decision of the federal government and the first chapter of its thrift program, the number of management and administration employees will be reduced in the course of the Seventh Five-Year Plan as follows:

--The establishment [systemizovane] federal and republics' central agencies, by 2,500;

--The headquarters of nonestablishment [nesystemizovane] federal and republics' central agencies, by 230;

--The apparatuses of the national committees (with the exception of the city national committees and local national committees in localities with less than 40,000 population), by 3,500;

--The establishment budgetary organizations directly managed by the central bodies, by 1,800;

--In the other budgetary and contribution organizations directly managed by central bodies, the number of employees in the seventh grade of the uniform employment catalogue by 1,800;

--In budgetary and contribution organizations managed by national committees, the number of employees in the seventh grade by 3,200;

--Specific-purpose [ucelove] economic organizations managed directly by central bodies, by 4,600 employees;

--In organizations of the scientific-research base, with the exception of organizations with an economic character, the number of employees in the seventh grade will be reduced by at least 1,500;

--Organizations of the scientific-research base with an economic character, by 500 employees;

--In economic organizations the number of employees in the seventh grade will be reduced--in a differentiated manner--by 10 percent, and this reduction in the individual years is to be fully projected to the limit of the number of employees of the sixth and ninth grades, total by 50,000 employees.

CSO: 2400/154

BRIEFS

SHIPBUILDING STATISTICS--Last year 59 seagoing and coastal ships were built at GDR shipyards. The some 55,000 working people of the 18 enterprises of the shipbuilding combine delivered vessels with a total of 375,000 brutto register tons to shipping companies of 8 countries. By 1983 the shipbuilding combine will supply to the market more than 20 new and further developed types of vessels. As a result of increased use of electronic equipment and of higher automation of operations, the ships will have an up to 35 percent higher utility value than their predecessors. [AU071829 East Berlin NATIONAL-ZEITUNG in German 6 Jan 82 p 5]

INLAND NAVIGATION--Whereas in 1950 some 10 million tons of goods were carried, the provisional balance sheet for 1981 shows roughly 17 million tons hauled by GDR inland navigation. Until the end of October alone 270,000 tons of goods were carried which originally had not been planned for inland navigation. More than 50,000 tons were shifted directly from motor transport to inland navigation. [AU071829 East Berlin NEUES DEUTSCHLAND in German 5 Jan 82 p 2]

C O: 2300/156

BANK REPORTS ON RESTRAINED INVESTMENT ACTIVITY

Budapest FIGYELO in Hungarian No 6, 10 Feb 82 pp 1, 7

[Unsigned article: "The State Development Bank Reports: Investment Activity Has Declined"]

[Text] In 1981 183 billion forints' worth of investment has realized in the socialist sector. This is one percent more than planned and 3 percent less than in 1980. Calculating the planned growth in the investment price level at comparable prices in volume of investments decreased by about 7 percent. The dynamics of investment performance have moderated continuously since 1979--in accordance with our intentions.

In 1981 the weight of one's own financial resources and of sources offered with a repayment obligation increased further in the financial resources for investment and the ratio of free money decreased. Resources for investment purposes were generated to a degree exceeding the plan at enterprises and councils alike.

The repayment burden was re-examined primarily on the basis of the ability of the enterprises to bear the burden and it increased considerably following this as a result of modified state credit contracts. As a result of tightening support conditions for enterprise investments supports decreased and the ratio of the repayable part within supports increased; the enterprises received more than 80 percent of the awarded supports as state loans.

The financial basis for investment performance exceeding what was calculated was the greater self-financing ability of the enterprises and the credit possibilities which increased during the year.

Enterprise Developments

Enterprise investment performance was 104 billion forints, one percent more than in the preceding year. The dynamic of payments by the state sector within this was 99 percent; investments by the cooperative sector varied but were substantially higher than last year, at the 109 percent level. The growth appeared primarily in the agricultural cooperatives, which make up 80 percent of the cooperative sector. This year about 60 percent of the enterprise investments were realized exclusively from one's own resources; their growth was 8 percent as compared to the preceding year.

The overfulfillment of enterprise investments was caused by the surfacing of a part of the delayed investment demand held back in preceding years. The great majority of the assets for their satisfaction were at the disposal of the management units. In addition to the already mentioned extra resources of their own the enterprises used 24 billion forints of credit, 2.5 billion forints more than the originally approved credit allotment. Accelerated credit repayment made possible about half of the surplus; thus this did not represent purchasing power above the plan. Higher level decisions during the year increased the credit award possibility by one billion forints. About 10 billion forints of the credits used were turned to export expanding investments.

Financial resources prescribed for supports have been moderated by 10 percent in 1982 but actual use is even smaller—about 9.5 billion forints. Supports offered to developmental actions aiding rationalization of energy use have come to the fore in the interest of realization of the energy management tasks of the national economy and thus they have increased. A great part of the requests are directed at replacing fuels. A number of bids have come from agriculture. More than 3 billion forints of support were authorized in 1981, nearly 300 for a total of about 5 billion forints for targeted investments.

Large State Investments

The 24 billion forint performance of large state investments was substantially smaller than prescribed. This is partly because, among other things, they spent half of what was calculated on developments in the planning or preparation stage. It is also because completion of the Paks Nuclear Power Plant is behind schedule.

Twenty large investments were under way when the Sixth Five-Year Plan started. Of the five developments prescribed in the 1981 plan—on the basis of the status of preparation—the Manyi Mine, the Szolnok Paper Factory, the broadening of the Arpad Bridge and the renovation of Florian Square got under way during the year. Realization was on schedule, as reflected by the financial process, and the prescriptions for them were overfulfilled.

The national economic plan prescribed the completion of five large investments in 1981. The Szikra Press was virtually completed in 1980; the commercial facilities at the Hungarian Rolling Bearings Works and Stage II of the Kiskore Water Ladder were finished by the end of 1981. Technical delivery of the Budapest Great Sport Hall did take place in December but it will be ready for use only after defects are eliminated, probably this month. The financing of the Recsek mining research facilities as a large investment ends in February. It did not figure in the national economic plan but according to the documents completion of the Szekszard Meat Combine was due at the end of the year. The two basic production lines were put in operation but the completion of several auxiliary facilities and final financing have been postponed to 1982. A saving of about 0.3 billion forints is expected with this investment.

Introduction of partial or full capacity planned for 1981 was realized in the Nagygyhaz and Markushegy mines and in the Bito II and Halimba III bauxite mines. The Number I converter of the Danube Iron Works, with a capacity of 900,000 tons per year, was put into operation and the Number III cold rolling frame, within the

framework of the semi-finished products development of the Szekesfehervar Light Metal Works, was put into operation one year ahead of schedule. Together with the partial capacity introduced in 1980 the latter makes possible the production of an extra 43,500 tons of rolled goods. A 2.4 kilometer long, three-station section of the north-south metro line between Deak Square and Elmunkas Square was put into operation. The Budapest refuse burning works, capable of getting rid of 440,000 tons of waste per year, began operation.

The country turned more than 55 billion forints to special group and other state investments being realized in the infrastructural branches. The supply of housing and health facilities significantly influences social public feeling and the development of the standard of living of the populace.

Infrastructure, Housing Construction

Of the state investment expenditures 13 billion forints were directed to central housing construction. The 19,000 council special group housing units technically delivered are somewhat more than planned; the number of units delivered as miners' housing and in other council investment were under what was expected. The scheduling of housing deliveries was worse than in preceding years; there were shortfalls during the year especially in Budapest.

The planned sum was not used to develop and reconstruct hospitals and clinics and modernize and expand health institutions. But on the basis of natural indexes the prescribed improvement in the level of service was realized in 1981, with some minor exceptions, primarily as a result of the delivery of investments carried over from the Fifth Five-Year Plan. New hospital capacity came to 1,200; during the year the Bekescsaba, Eger, Szeged and Satoraljaiújhely hospitals and the Budapest Margit Hospital were expanded by 200-300 bed wards. More than 4,000 new nursery places were created. But capacity of infant homes and social homes did not increase to the necessary degree. It is a favorable phenomenon, however, that the volume of machines and instruments for institutions exceeded what was planned.

Nearly 22 billion forints were turned to the transportation branch in 1981. In addition to the already mentioned metro construction about 240 kilometers of rail line were modernized, electrification was completed on another 66 kilometers, and highway transportation was modernized further also.

Twelve billion forints were spent on development of water management. More than planned was turned to expansion of sewerage, water supply and sewage purification as a result of more concentrated contracting and weather favorably influencing pipe laying work.

In domestic trade 10 billion forints were turned to developments serving public infrastructural services. Nearly 30 percent of this in 1981 was the share of hotels being built as part of an Austrian-Hungarian credit deal.

A More Favorable Material-Technical Composition

The material-technical composition of investment expenditures deviated from what was expected. The 88 billion forint construction expenditure developed according

to the plan and at a lower level than in the preceding year but the total of investment jobs rejected by the construction industry increased somewhat, in harmony with the increase in investment demand characteristic of the beginning of a medium-range plan period. In accordance with expectations the ratio of maintenance jobs increased and that of investment jobs decreased. Domestic machine expenditures, which came to nearly 36 billion forints, were slightly lower than planned although the total, after the 1980 decrease, again exceeded that of the base period. Not quite 20 billion forints were turned to import machines in ruble accounting; this was less than planned and less than in the preceding year, due to the restricted offering of socialist countries, depressed domestic demand and delivery delays. After the large scale, absolute decrease of preceding years the 19 billion forints paid out in non-ruble accounting exceeded the preceding year and the plan for both state and enterprise investments. In the state sphere the larger expenditures were linked to large investments in metallurgy (the Lenin Metallurgical Works, the Light Metal Works), the Szolnok Paper Factory and Phase III of the Soviet-Hungarian natural gas pipeline.

In the enterprise sphere an increase, as compared to the base, arose in investments being realized purely from one's own resources and in those being realized with credit. In the area of so-called other expenditures the management organs spent 20 billion forints in 1981, 13 percent more than planned, an planning, preparati acquisition, interest and various fees connected with investment.

Investments Made By Socialist Organs



8984

CSO: 2500/131

UNCERTAINTY, HOPE, HURDLES FOR NEW SMALL BUSINESSES

Budapest MUSZAKI ELET in Hungarian 21 Jan 82 p 1

[Article by Nandor Bogнар: "From Labyrinth to Gordius"]

[Text] We might say with some exaggeration that we have become a country of small entrepreneurs. Industrial and economic work groups are being formed one after another in various special areas and a significant number of the members are coming from the ranks of the professional intelligentsia. In our article we take a look at a few of the more interesting undertakings.

If I wanted to start a small undertaking I think that first I would seek out someone who could explain the rules of the game and provide orientation among the possibilities and the possible pitfalls. Perhaps I need not tell you--an undertaking has been formed already to provide this service. "Entrepreneurs Planning an Association! Civil law association made up of experts provides complete information and advice in legal, financial, etc. matters related to organizing and conducting your activity." Thus one of their advertisements.

At the time agreed to on the phone three young attorneys awaited me in a fifth floor apartment in Buda. They asked that I keep their names secret.

"Why?"

"We would not like to call attention to our names, but rather to what we are doing."

"And what, precisely, are you doing?"

"To simplify it one might say that we help set things up. If someone comes to us we talk to him, ask him what he wants to do, give him advice, what form to choose, what profit he can count on, what his taxes will be, and so on. If he likes then this contact can develop into legal assistance later. It appears that we have undertaken to satisfy a real need, because many are uncertain in these affairs and we always have work."

"What developmental possibilities do you see before you?"

"At present we are organized on a family or friendly basis and sooner or later we will have to bring in co-workers due to the increase in work. This is a rather

difficult matter, because again family members must be selected. We want to transform ourselves into an economic work group. Then our name will be: Labyrinth--small entrepreneurs' legal and economic services."

"Who come to you first?"

"The flow of technicians, or professional intellectuals, is interesting--they are virtually fleeing from large enterprise jobs. There are many intellectuals even among those undertaking physical work. The scale is quite broad in regard to specialties--cleaners and buyers, architects and inventors, designers and innovators. There was one who simultaneously was undertaking to build parks and make toys...."

At the address given I could hardly find the Integral Technical-Economic Consulting Office. Out of "good will" someone had removed the sign from the gate of the District IX apartment house.

"The environment around one changes oddly if he begins a small undertaking, and not only here in the building," reported economist Tamas Vekony, leader of the five member association, a membership which changes according to need. "Those who accepted me professionally and as a human being when I represented a large enterprise now regard me as a tricky drummer...."

"According to them one should work primarily for enterprises?"

"Naturally, but I think one of the chief goals in setting up the 'littles' is that they should help the 'bigs' with their flexibility and mobility. In our case forming a civil law association was an obvious thing to do because this same group was doing a lot of work 'privately' with the interposition of some large enterprise authorized to do it. We have an economist, a sociologist, an advertising expert and an engineer; we undertake virtually any technical-economic activity."

"And what guarantee is there that you will do it well?"

"We have personal guarantees; if we could do these same jobs adequately before, why should we not do so hereafter also....?"

Two economists and one financial expert--this is the present membership of the Gordius Economics and Marketing Civil Law Association.

"We have worked out different offerings for small and large enterprises," said Margit Csurgay, one of the three members of emphatically equal rank. "For the larger firms we offer market research, a press reading service and sample testing; for small undertakings we offer primarily to keep their business books and other very useful activities. Our collection of regulations, with explanations, is a success for example."

"Problems?"

"There are many opponents, and this is partly why we have no orders from state enterprises. Of course, we do have work and it can now be said that what we have undertaken is an activity which constantly brings in money."

The Perfekt Program Service and Advertising Office offers something special. Its leader Jozsef Czigan lists the achievements of the new departure:

"We are working on a contract which will assist the commercial introduction of a whole group of products and we have undertaken the organization and holding of the exhibits in Hungary of a famous graphic artist. We have several inquiries from provincial hotels to start advertising campaigns and we are working on bids for these. We have signed contracts to hold two large carnival balls, including sending a good orchestra...."

Which suggests that it would do no harm if one of the members of the association was an active performer. And in this case it is the composer and singer Andras Payer....

If there is a pro in this profession it is Dr Janos Asperjan, officer director of the B Consulting Service. The first thing I noticed was the letter "B."

"What does it mean?"

"Something very important; the office works within the industrial main branch of the Borzsony MGT SZ [agricultural producer cooperative] and its birth can be attributed to an idea of Geza Bisztray, chief of the main branch. I was working on the creation of an economic work group when we got together, and I can say that this form of cooperation has gigantic possibilities."

"Why is an economic consulting service good if it is included in a producer cooperative?"

"It seems you were never a small entrepreneur or you would not ask. The cooperative provides a legal framework and a place, among other things a telex and a telephone. In regard to form the B Consulting Service functions as a self-accounting, self-maintaining, profit oriented, lump sum payment undertaking of the producer cooperative. This is made possible by a decree concerning the operation of some sections of cooperatives in a lump sum payment system. I worked out the principles of a lump sum payment operational system in 1959 and submitted the draft to the secretariat of the Presidential Council, but I think they pigeonholed it."

"What does this accounting system give to the cooperative, and what does it give to the office?"

"It is rather complicated, but I will explain. I undertake various jobs and cover all costs from the gross receipts coming in; this includes taxes, material expenditures, wages and shared burdens and overhead; I pay in the profit according to an appropriate key; I pay back the sum loaned to cover advertising--and the rest is mine."

"If there is a profit. And if there is not?"

"Our agreement is a strict one; in this case I bring in the money from home. But this will not happen as things stand now."

"Who does the work?"

"If possible the workers of the cooperative; if not then whom I ask. I can pay well, not only for the work but for getting the business too."

"I have heard that you undertook to work out the technology for a special chemical operation...."

"Yes, and I found the best expert in the country to do it. You know, we have a gigantic intellectual capacity here in Hungary and the enterprises are not exploiting it. If somebody would get this accumulated expertise, these brains, into the circulatory system of the economy he could do wonders. Naturally one must pay honestly for such activity. For example, the father of the chemical technology mentioned received a five figure honorarium.... At the moment I have four signed deals with large enterprises, to a value of several million forints."

And I met with the most fantastic idea so far too. In one office they showed me a mimeographed appeal; its publisher is organizing a federation of small entrepreneurs. For the promise of interest representation and various services he is asking the return of a filled data sheet. And 200 forints.

Monthly.

8984

CSO: 2500/137

OFFICIAL SAYS TIME NEEDED TO CHECK ECONOMIC DECLINE

AU111410 Warsaw TRYBUNA LUDU in Polish 4 Jan 82 pp 1-2

[Interview with Prof Wieslaw Sadowski, Main Statistical Office chairman, by PAP journalist Tomasz Walat: "A Difficult Year in the Economy: Main Statistical Office Chairman Assesses Last Year's Results"; passages enclosed in slantlines printed in boldface]

[Text] /The year 1981 is over. A PAP journalist asked Prof Wieslaw Sadowski, Main Statistical Office chairman, to assess last year's results. Here is what he said:/

A broad table of statistical data making it possible to publish a comprehensive and documented communique on the country's socioeconomic situation in 1981 will be available toward the end of January or early in February this year. Data that I can produce now are based on the results of the 11 months and on the December estimates. They can be corrected later on.

/Preliminary estimates show that the national income in 1981, compared with 1980, dropped nearly 15 percent, or significantly more than in the previous 2 years when the drop amounted to a few percent./ A very unfavorable phenomenon in the form of reduced production and labor productivity actually affected the whole national economy. In particular, there were large disturbances in the fuel and energy balance, caused by the declined extraction of fuel, and particularly of coal, by the sharply restricted import supplies, by the aggravating disproportion between the increased wages and social services, on the one hand, and labor productivity, on the other, by the disorganization of the internal market, and last but not least by the disorganization of the management system, which was increasing under the conditions of social tensions.

/The production marketed by the socialized industry in 1981 was more than 13 percent smaller than in 1980. The drop in production affected most basic industrial goods./ In many branches, the quality of production also deteriorated. Along with the large drop in production, the average employment in the socialized industry only decreased about 0.4 percent, while the wages fund increased about 25 percent.

As a result of the favorable weather conditions, the results of agricultural production significantly improved. According to preliminary estimates, agricultural

gross output, compared with 1980, increased somewhat less than 4 percent. While plant production went up more than 20 percent, livestock production declined 14 percent. The effects of farm labor could have been much better, if we did not have acute shortages in production means, particularly fertilizers, plant protection means, farm machines and equipment, as well as spare parts. Notwithstanding the better results in plant growing, the supplies of livestock produce to the population declined. Decisive in this respect was primarily the drop in procurements. The procurements of livestock declined more than 25 percent, those of milk nearly 8 percent, and those of eggs about 1 percent.

/Production also declined significantly in other fields of material production. For example, basic production at socialized building and assembly enterprises went down nearly 20 percent compared with 1980./

Since many painstaking calculations are still outstanding, it would be difficult to discuss now at some length the problem of the division of the national income, particularly of consumption. Now it is estimated that the national income distributed dropped by about 12 percent. The drop in consumption was even smaller and amounted to a few percent.

/Enormous restrictions were made in investments./ According to preliminary estimates, net investments in fixed assets were cut nearly 50 percent. Difficulties in commissioning socialized capital investment projects increased; the number of new dwellings dropped.

/The deepening disequilibrium between supply and demand was on the whole characteristic for the monetary and market situation./ That resulted from the significant drop in the production of most market commodities and in farm produce procurements, on the one hand, and from the significant increase in the population's cash income, on the other. According to preliminary data, the wage fund alone increased about 25 percent compared, like most data presented here, with 1980.

The supplies of commodities to the market were significantly smaller. According to preliminary estimates, their total value, including national and imported goods, in terms of constant, comparative prices, shrank by about 10 percent. Particularly perceptible were the shortages of meat and other livestock produce. On the other hand, pains were taken to keep the population constantly supplied with other basic consumer goods. As production was declining and the market imbalance increasing, the shortages of nonfood articles were increasingly drastic.

/According to preliminary data, in foreign trade exports declined about 14 percent and imports about 7 percent./ On the whole, the significant drop in exports--particularly in coal exports--significantly restricted the import abilities of the economy, thus reducing the utilization of the production potential and deepening payment difficulties. Under such conditions, the additional imports from the socialist countries, particularly from the USSR, were of great importance.

What are my personal reflections? /The economic situation, as characterized by phenomena and figures, shows that many efforts and much time will be needed to

check the decline./ The improvement in labor discipline, already evident under the conditions of martial law, must go in step with higher productivity and with the willingness to switch over the economy and collectives to new tracks. The point is to more rapidly adapt to the aforesaid obstacles streaming from the poorer material supplies from abroad. Under such conditions, it would be advisable to switch over more rapidly to new production wherever it is impossible to continue the old production because of the lack of materials. Measures stimulating exports should also contribute to overcoming those difficulties. If we follow these rules, Prof W. Sadowski said, we may hope that the falling tendency in the national income, emerging, unfortunately for our country, each year, will be discontinued.

CSO: 2600/355

POULTRY PRODUCTION PROBLEMS, FEED SHORTAGE DISCUSSED

Warsaw RZECZPOSPOLITA in Polish 15 Jan 82 p 4

[Article by Zbigniew Kujawski: "How to Raise Poultry Without Imported Fodder. Controversy Over Poultry Farms. Small Poultry Farmers Are Waiting for a Sponsor"]

[Text] One of the bigger "scandals," recently, on the food market was the fate of poultry farm production which became threatened with a drastic reduction in fodder deliveries from State supplies. Some journalists (among these, Andrzej Mozolowski in POLITYKA, Marcin Makowiecki in ZYCIE GOSPODARCZE as well as the popular television spot "Letters On the Economy") took a rather dramatic stand in defense of the threatened broilers and egg-laying chicken farms. The decision regarding the substantial reduction of poultry farm production, which was made by the Ministry of Agriculture and Food Economy, was described as incomprehensible, unreasonable and downright detrimental.

The reduction of poultry meat production from more than 500 thousand tons in 1981 to approximately 170 thousand tons in 1982 and the production of eggs on poultry farms correspondingly from 2.6 billion to 1.7 billion units is, clearly, a severe blow to our present "very meager" food economy. This was, however, a valid and necessary decision. Poultry farm production, which was already very well organized in our country and very attractive financially for farm owners--actually had only one shortcoming. It was dependent, by nearly 100 percent, on imported fodder from the dollar zone while the foreign exchange cost of this fodder--not even taking into account the country's present payment capabilities--was so high that it made this entire enterprise questionable.

Instead of Broilers

The foreign exchange cost of fodder of essential high quality, the cost of its transport to Polish ports as well as the operating costs of credits negotiated for this purpose were so high that for nearly the same amount of money, it would have been possible to import ready broilers and eggs. However, fodder represents only a part of the foreign exchange costs. We must also account for liquid fuel for the heating of chicken coops; imported, poultry slaughter facilities; breeders [animals], etc. We used to buy all of this abroad. Besides foreign exchange costs, poultry farming also entails expenses in zlotys, above all, those involving capital expenditures. In other words--under Poland's conditions, in our unusually difficult feed situation--the rapid development of poultry farm production was, at

the very least, a risky venture, entirely dependent on importing and always exposed to the risk of a sudden collapse--in the event of a shortage of foreign exchange funds for this purpose. We have currently found ourselves in just such a predicament.

The opinion that broilers give a twice as great production yield from the same amount of fodder as compared to pigs is not true. The feed, which is consumed by broilers is by far better than that used for the feeding of pigs and besides this, broiler meat cannot measure up by comparison to pork. If we were to convert the consumption of fodder into the production of 1 kg of edible protein--then there would be no difference in the use of fodder between broilers and pigs because a [dead] broiler contains proportionately more inedible parts and in terms of nourishment, its meat is considerably less valuable than pork.

It was calculated that if the highly nutritive protein used in the feeding of broilers was to be intended for pigs, which in our country feel the severe lack of this ingredient--the production result would be 2-3 times more favorable. In other words--instead of a ton of broilers we would have, from the same amount of protein, 2 and in some cases even 3 tons of pork. Therefore, the choice is between broilers and a 2-3 times greater amount of ham, pork roast or bacon.

Negative Consequences

The rapid development of poultry farm production had yet another very negative consequence. All of the attention was concentrated on the development of poultry farms, entailing nearly one-third of the total amount of imported grain and fodder. The ignored and left to itself, traditional poultry production on privately-owned farms declined more and more. Therefore, at the present time, when poultry farms are coming to a standstill because of feed shortages--their production can be compensated only in small part by the production of small producers which in 1970 supplied more than 80 percent of eggs while in 1981 the amount already dropped to less than 30 percent!

In 1978, we already even had a surplus of eggs. Neither the domestic market nor exports could absorb them. As a result, in 1979, this brought about the earlier lowering of seasonal, spring procurement prices for eggs intended for the purpose of...slowing down the production of small producers. This move turned out to be effective. The number of egg-laying hens on privately-owned farms declined. Also in 1981, at the time of the April reform of procurement prices on agricultural products--eggs were completely forgotten. A very small price increase was not introduced until the summer months of the current year. However, by that time, this increase did not have an effect on an increase in the number of egg-laying hens. Naturally, all of this was reflected on the market. Eggs, supplied in larger quantities could be used as a complete protein substitute for meat which is scarce. Unfortunately, an increase in demand is not accompanied by their increased production.

The decline encompassed not only the production of small egg producers. The number of geese, which in 1970 still amounted to 4.1 million head, fell in 1980 to 1.3 million head; the number of ducks declined during this period from 5.1 million head to 3.4 million head and that of turkeys--from 1.7 million to 0.4 million head.

Simply put, there was no one who would look after this production. After all, we noted considerable progress, at this time, in other areas of animal production. The entire, domestic poultry breeding enterprise was overshadowed by the scene of poultry farms, which are an excellent means of managing fodder in countries which have huge surpluses of it but in a country as poor in grain as Poland, it turned out to be an acquisition which poses many problems today.

Some years ago, in Holland, the growth of poultry farm production took on such huge dimensions that it began to seriously weigh down on the balance of payments of that country since all of this was based on the increasing import of fodder. A strict ban was, then, issued on raising poultry in quantities higher than 25 head--without one's own feed supply. We must go in the same direction, at the present time, in Poland.

Possibilities and Restrictions

Poultry farm production can be maintained and even developed, however, the farm owners must concern themselves with producing an essential part of the fodder which they need--on their own. There is still a lot of land in Poland waiting for intensive cultivation. Poultry farm owners can take it upon themselves to cultivate this land or they can work together with feed producers. They should receive only those feed ingredients from the State which they are unable to produce within their own capacity.

There is also the possibility of the temporary use of poultry farms for other purposes. The raising of waterfowl, swine, sheep or rabbits deserves particular attention--actually any kind of animal production which can more easily do without imported fodder as compared to broilers and egg-laying chickens.

The small farmers' poultry production, on which everybody is counting so much today, is waiting for its own caring sponsor. Whether we like it or not, we must make amends with the hen which busies herself around the peasant yard. In comparison with chicken farm output, the egg-laying capacity of peasant hens is lower but they have the overwhelming advantage of doing without imported feed.

Such is the strange coincidence that the decline in the small farmers' production of poultry meat and eggs went hand in hand with the elimination of the collectivization of egg-poultry production and the taking over of the entire poultry turnover by the monopolistic "Poldrob." Therefore, either "Poldrob" will pay closer attention to the development of poultry raising on peasant farms or small producers will begin to aim for the reactivation of collective forms of organizing this production, which [the collective forms] had equally old as good traditions in Poland.

9835

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LIGHT INDUSTRY OFFICIAL DISCUSSES 1982 PRODUCTION GOALS

Bucharest ROMANIA LIBERA in Romanian 6 Jan 82 pp 1,5

[Interview with Laurean Tulai, secretary minister of state, by Marcea Scripca]

[Text] - To start our conversation we request, Comrade Secretary Minister of State, that you review the primary goals of light industry for the year 1982.

- As a basic part of the consumer goods industry, light industry has significant tasks in the new year. In light of the valuable guidance given by the Party General Secretary, Comrade Nicolae Ceausescu, at the plenary meeting of the RCP Central Committee on 25-26 November 1981, as well as the resolutions of the December 1981 session of the Grand National Assembly, light industry will have to attain an increased and diversified volume of production in order to better satisfy the requirements of domestic consumption as well as export. Modernizing production, increasing the degree of utilization of raw materials, raising labor productivity and reducing material expenditures are among light industry's priority tasks.

A growth in net production of 8.4 percent is planned, compared to the preceding year. An increase in industrial production of 6.4 billion lei is anticipated over that of 1981. Four billion of this will be attained by increasing the degree of utilization of material resources. Important increases are expected in the primary physical products. As a result, the manufacture of products from our country's raw materials will increase to a greater degree. Particular examples of this growth are 7.2 percent for silk fabrics, 44 percent for non-woven fabrics, 8.3 percent for glass products, 79 percent for popular ceramics, and 25 percent for solid-fuel heating units and stoves. Three million square meters of finished linen and flax fabrics will be produced; one million pieces of readymade clothing for outerwear will be made from these fabrics.

Higher growth rates are also planned, for which improved utilization of both raw materials and labor has been insured. Examples are nine percent for knitted goods, 19.2 percent for moroccan-style leather articles, and others. Simultaneously, production of goods made with new manufacturing technology will increase at a greater rate. Examples are glass-thread fabrics with a 22 percent increase, crystal glass productions with 30 percent, and others; products made from recycled and substitute materials also fall into this category. Examples of the latter are carded wool-like fibers--by eight percent, footwear with textile uppers--by 22.5 percent, footwear made of rubber--by 13.8 percent, and others.

Compared to last year, 1982 will see a net increase in labor productivity of 7.3 percent. In fact, approximately 90 percent of the net production increase for 1982 over 1981 will be achieved through higher labor productivity. A reduction in production costs of 16.5 lei is planned for every 1,000 lei of produced goods; of this, 14 lei will be recovered from the costs of materials. These reduced production costs will mean total savings of 1.9 billion lei; savings in materials will account of 1.6 billion of this sum. As far as total deliveries to the marketplace are concerned, a large part will continue to be those products that involve a high level of processing. For example, ready-made clothing of textiles and knitwear will make up 42 percent of total deliveries.

— While examining these plans we cannot help but mention that consumer demand for certain products such as carpets, towels, curtains and ready-made clothing of natural and artificial fur has increased greatly. Will this demand be better met than in the preceding year?

— We have studied this and have planned production increases that will result in greater output of these particular articles this year. Compared with last year, commerce will be furnished with 10.1 percent more carpets, 27.3 percent more towels, 7.1 percent more curtains, 84.6 percent more fabric for blankets, 77.8 percent more pajamas and nightgowns of printed flannelette, and 37.1 percent more clothing of natural and synthetic fur.

With respect to carpets, the start up of the new production enterprises in Alba Iulia, Beclean and Dumbrava will insure the increased output for this year. And just the same, new production facilities opened last year will contribute to the increased output of the other products. These new facilities include the expanded and modernized curtain production enterprise in Pascani; the newly opened knitwear enterprise in Negresti-Oas, the new section of the Miorita Knitwear Enterprise in Oradea, the new silk weaving mill in Tirgu Mures, the new footwear enterprise in Toplita, and the associated enterprises for fine linen in Zalau and Jibou; etc.

Other investments are planned for this year to bring about additional production growth and diversification. Among them, the Maratex Enterprise in Baia Mare will receive a new finishing section for extra-wide fabrics. The furniture upholstery enterprises in Bucharest, Gheorghieni and Deva will also be expanded. The new tannery in Bucovat-Dolj will be put into operation. The Metaloglobus Enterprise in Bucharest will increase its output of zippers to 4.5 million ml. per year, thereby even better satisfying the demand for these accessories. Also, the Red Enamel Enterprise in Medias will open a new section for the production of enameling paste in a diverse range of colors.

— In line with the significant needs of the national economy, an established primary goal has been that of increasing the optimum utilization of recycled materials. What will be done in this direction?

— We have set a goal of using 25.8 percent more recycled textiles in 1982 than last year. Steps to provide for the technologies to process these materials have been taken; efforts have been made to provide the necessary production facilities and distribution arrangements to bring these products to the consumers. These measures require the combined utilization of the production facilities of carded wool factories, vicuna yarn factories, and other enterprises; it is also important that the

newly opened production units attain their planned levels of output. The facilities in question include the vicuna yarn factories in Birlad and Vladeni-Iasi, the weaving mill in Birlad, the new non-woven textile section of the Netex Enterprise in Bistrita, the sorting and teasing center of the Proletarul Enterprise in Bacau, and others. A broad program will be carried out in the branch's industrial centers in order to gradually replace cotton fibers with fibers of vicuna yarn produced from recycled materials. The efforts to start up production of the non-woven textiles enterprise in Rimnicu-Vilcea will also be intensified; this enterprise will be the largest facility using recycled materials. Its products will replace such standard articles as moquettes (a carpet or upholstery fabric), supports (backing) for PVC (plastic) carpets, cottonwool stuffing for upholstery, etc.

Shifts will be made in the leather goods and footwear branch toward utilizing recycled leather resources that have not been used to present. It will become possible for the two new sections of the Mineral Tannery in Jilava and the "13th of December" Enterprise in Sibiu to manufacture, for the first time, auxiliary products from a collagen base. This will result in more than 2,600 tons of recycled leather materials being brought into the economic cycle each year.

- And what is planned for 1982 in terms of the diversification of products?

- As a result of the conditions created, product diversification will be emphasized to the extent that about 72,000 articles, models, designs and new color schemes will be produced this year. Along with better use of raw materials, special attention will be given to producing goods of four categories of quality: general (masa), improved (superior), extra (extra) and luxury (lux).

This year's production will include new cotton-type fabrics with special fibers for skirts, blouses and shirts; a new assortment of fabrics for clothing; knitwear in new styles and forms; pierced work with jacquard motifs; lace trimmings; pleated fabrics; a wide range of spring and sportswear; diverse items of clothing made of linen and hemp fabrics; new styles of winterwear such as overcoat substitutes; and others. A new assortment of footwear with textile uppers and heels of light materials; new styles of adult and children's shoes of natural and synthetic materials; various articles of morocco-style leather (purses, gloves, belts, etc); and clothing made of textiles using PVC (plastic) will also be produced.

As far as the variety of household articles is concerned, available products will include new types of cooking stoves with three and four burners that are equipped with safety devices, have a high quality finish, and use less fuel. There will also be new styles of enamel dishware, some of which will be available in complete sets; heat-resistant dishware of ceramic and glass in various forms and shapes; sets of glasses and plates having new designs and others.

The more than 600,000 workers in light industry, many of whom are women, will make increased efforts to fulfill all the objectives for the new year and thereby contribute to the improved level of supply for the population and better meet the requirements of export.

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CSO: 2700/149

TOMA GRANFIL DISCUSSES EXPORTS, ECONOMIC COOPERATION

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Jan 82 pp 21-24

[Interview with Toma Granfil, chairman of the management board of the Yugoslav Bank for International Economic Cooperation, by EKONOMSKA POLITIKA; date and place of interview not specified: "The Road to Comprehensive Cooperation"]

[Text] The long-term orientation toward a world market has a considerably broader and deeper reason than the present balance of payments imbalance. We discussed the conditions for a lasting and economically rational inclusion of our economy in the international division of labor with Toma Granfil, the chairman of the management board of the Yugoslav Bank for International Economic Cooperation. We are publishing a free rendition of the conversation.

EKONOMSKA POLITIKA: Exports are now being referred to primarily as a necessity. We would like to talk with you [about exports] as a way of doing business. We are furthermore proceeding from the assumption that being capable of exporting means being productive, technologically modern and efficient, and not separating the domestic market from the foreign market.

Toma Granfil: It is correct that one cannot be a good producer and not export, just as one cannot export for a long time in a high-quality and competitive manner unless one also produces goods for the domestic market under the same conditions. A small country always has to export relatively more than a large one. It has to specialize, because if it wants to have a profitable production capacity it has to join in the broader international division of labor. For example, Belgium and the Netherlands export 40 to 50 percent of their gross national products. America, which is a large country, can allow itself to export only seven percent.

We have achieved the rank of a semi-developed industrial country, which means that we are at the initial stage of the battle for the world market. But I would say that because of our errors in the conduct of our economic policy, we are in a situation of having to fight for the domestic market as well. This is why. During the last five year plan Yugoslavia imported equipment worth \$13.5 billion, and at the same time we exported equipment worth \$8.5 billion. It is well known that we have imported on a large scale what could have been produced in Yugoslavia. We all know various power plants, sugar factories, and many other industries were

built, even though 50 to 70 percent domestic equipment could have been installed in these sites.

EKONOMSKA POLITIKA: In regard to equipment, we must recall that our domestic industry has most often dropped out of competition because it was unable to finance the investor. This means that we did not have enough capital accumulation for the development that we have carried out.

Granfil: This is not a question of a shortage of capital, but rather of an inefficient expenditure of it. For this reason we have tried to utilize additional capital from abroad, mainly by importing equipment. Someone who imports too much equipment, however, suffers from unfavorable terms of trade. Viewing the trend in the last few years, the greatest jump has been in the prices of equipment and technology: on the average closer to 20 than to 15 percent annually. Now, when oil prices are settling down and the prices of raw materials have already been stagnating or falling for years, equipment prices are still maintaining the trend of high annual jumps.

Now the question is raised of whether we can, on one hand, import less equipment and thus avoid harming our truly necessary and possible development, and on the other hand, whether we can become net exporters of equipment. Both of these are possible. The analyses that we performed with the planning institute and the members of the Bank show that in this medium-term plan we can export \$20 billion of equipment.

EKONOMSKA POLITIKA: That is a large jump...

Granfil: Just let me finish...and there is no need for us to import \$13.5 billion of equipment as during the last planning period. Such a jump is possible, and if there were any doubt of it, it would have to be made necessary.

EKONOMSKA POLITIKA: The unavoidable question is how?

Granfil: First of all, we have to do this. Primarily we have to produce more equipment for the domestic market. In this medium-term plan we cannot count on a net influx of capital from abroad for investment, because the foreign loans will be used mainly for payments on the credits [already] used.

In the second place, we are not starting from scratch. Equipment producers are already achieving exports of \$3 billion per year, when sales for cash and for credit are added. This is not the level of the German or American market, but it is a significant experience and a potential that can offer considerably more if we conduct the appropriate economic policy.

EKONOMSKA POLITIKA: It is precisely about such a policy that we are asking.

Granfil: First of all, domestic capital should be made more movable, and a free association of funds should be made possible. In fact, free association across republican borders should be ensured, and self-management and the collectives should be given the freedom to move and associate with each other in a unified Yugoslav market. Not only should they be given this freedom, but such trends should also be supported by all possible measures.

It is not normal for our industry to build power plants abroad and for our shipbuilding industry to make ships for export, and for us to import power plants and our domestic fleet. The question arises of, let us say, why our shipbuilders cannot obtain credits in Yugoslavia even though they have good credit ratings and have a foreign currency capital through which they meet their obligations to a foreign creditor in a very orderly manner. This means that we need more efforts and more determination to organize our domestic market in a more unified manner. We can likewise build power plants based on domestic equipment, with additional participation by foreign suppliers, but considerably less than in the past.

ECONOMSKA POLITIKA: Importing complete installations, of which thermoelectric power stations are the most striking example, has not been accompanied by the participation of domestic production for the sake of its development. What is the main reason for this?

Granfil: One problem is that we are importing what we could be producing ourselves, and an additional problem is that nearly every imported power station is from a different producer. Often a municipality decides which thermoelectric power station will be imported. Granted, all the firms from which we are buying are well-known ones, but if we had taken a unified approach and selected a single partner, and agreed with it that we would build the first of, let us say, ten thermoelectric power stations with 50 percent Yugoslav participation, and build the tenth with 90 percent--and if we had taken a joint approach together with this partner abroad--we would be an export power today. But if, for example, a municipality that does not have a single equipment factory decides about a thermoelectric power station, then it is logical that this municipality will not take into account the circumstance that this equipment is manufactured quite well by MINEL, termoelektro, Djuro Djakovic, Jugoturbina, Rade Koncar, or Energoinvest.

ECONOMSKA POLITIKA: Some analyses show that the equipment industry has relatively modern plants and machines on an enviable technological level, but is nevertheless unable to offer a complete factory assembly line, not to speak of the complete installation. What are the consequences of this for our export capability?

Granfil: It is correct that our industry is not yet sufficiently equipped to offer complete installations more extensively; but in the developing countries, toward which we ought to be oriented, we cannot see only series-produced machines. Preference must rather be given to exporting technological aggregates.

In 1981, it was shown that the developing countries are a promising market for our equipment producers. The total exports to those countries were increased by 28 percent, and the exports supported by the Bank, by 50 percent (in nominal terms). We have to go farther than we have to date, however, if we want to increase our further exports to these markets. We cannot be concentrated in only several countries. At the moment we are only symbolically present in the markets of Latin America and Southeast Asia, and these are markets which are today among the most dynamic ones in the world. If we are not involved there, this is harmful and dangerous to us because these are countries where we purchase a great deal and with which we have an enormous deficit. We cannot ensure a greater presence in these markets overnight. We should have a ten-year program and systematic work on that program.

EKONOMSKA POLITIKA: A significant side of that program is our own qualitative development.

Granfil: Half of our present export problems are in developing our capacity. The other half is our overall relations with those countries. All of the developing countries have financial difficulties, and will for a long time. This is nothing new, but we have not drawn practical conclusions from this well-known truth. We have not drawn the conclusion that comprehensive mutual economic cooperation is necessary for exports. These countries have goods that we are exporting in any case: food, energy raw materials, minerals. We have equipment and technology, which are extremely necessary to them. These must be linked to each other. The developing countries are offering this to us. But what are we doing? We have bought Burmese rice in Switzerland, and we are building a copper mine in Burma. We are buying copper from multinational companies instead of linking our work with national companies and obtaining copper from them. Thailand is offering to allow us to build several installations if we buy its rubber. But we are buying rubber from another country, where we do not have so many exports.

There are many similar examples. But we could do otherwise. Now oil is part of this scheme too. Two years ago buyers begged to obtain their quota for oil imports. Today the producers are making their imports conditional upon oil purchases. Recently we signed an agreement with one country for a million tons of oil, which, through a special account, will pay for its imports from Yugoslavia. Side by side commodities will move in both directions, and both countries are interested in using the commodities that they have to pay for imports of the commodities that they have to import, all at world prices and in a freely chosen currency. These are the paths that were built by others through the years.

EKONOMSKA POLITIKA: Is there a danger, as some people are saying, that we will put the domestic buyer in a difficult position by exporting, even through such arrangements? Agriculture, for example is warning that it will be hard for it to maintain its rate of production because it is increasingly harder for it to obtain machinery.

Granfil: You know, Mercedes did not halt its exports because the domestic buyers each had to wait for two years. Maybe this is not a good example, but a producer who is interested in a long-term and secure position in the market will never neglect one aspect in favor of another. Some of our organizations stopped exporting when there was a boom in Yugoslavia. And what now?

EKONOMSKA POLITIKA: That is what we are asking too.

Granfil: We have to be better organized, and we should already have an orientation for the period until 2000. I will return to the developing countries again, since they constitute two thirds of humanity. The problem of the developing countries is complementary to our present possibilities. Their problem is the development of the power industry, the production of food, and a transportation infrastructure. This is exactly what we have been developing the production of equipment for since the fifties, and a field in which we have significant achievements. But our offer has to be more comprehensive than a trade deal.

EKONOMSKA POLITIKA: The Yugoslav Bank for International Economic Cooperation really should develop and promote exports, especially to the developing countries. What are the prospects for the Bank's support for the overall exports to be greater than the present 4 percent?

Granfil: First of all, I would like to turn your attention to the qualitative significance of the Bank in our foreign trade, which is reflected in opening up new markets for equipment exports. Secondly, the Bank's participation in overall exports is increasing from year to year. This year, these exports will be between \$750 million and \$800 million; that will already be six percent of the total exports. When you take into account the fact that 93 percent of these exports are going to the convertible area, these are over nine percent of the total exports to the convertible area.

But I fully agree with the need for a Yugoslav export bank to play a broader role. The Yugoslav economy and the Yugoslav banking system have a serious need for a broadly conceived bank for foreign trade that would enter into broader long-term arrangements, and which, together with the commercial banks, could offer the economy a long-term, systematic, and comprehensive link to a foreign trading partner.

The conditions for this, primarily the sociopolitical ones, are ripening, but very slowly. There is still great resistance, but the fact is that by this method we should overcome the relations of the present regional separation, in which the banking system is also separated too much into regions.

EKONOMSKA POLITIKA: What could such a Bank offer that the present one cannot?

Granfil: To begin with, such a bank could assist in the assimilation of new markets, which lasts for several years. Individually, exporters cannot stand up under the necessary effort of investing in individual markets for several years in order to create something there. In this case the bank could provide financing, but it could also check on how much can realistically be expected from a given market. Another part of its role is to assist in comprehensive arrangements that include exports and imports, on the basis of which a certain advantage is obtained. In practice the bank should ensure more comprehensive cooperation among the developing countries. All the exporting countries in the world have such banks. It is quite insufficient to limit such a bank to refinancing exports.

EKONOMSKA POLITIKA: Where are such limitations coming from now, when JUBMES [Yugoslav Bank for International Economic Cooperation] is involved?

Granfil: Part of the limitations are legal ones, but most of them are the consequences of practical measures. It is primarily a question of ensuring the necessary funds, and a lack of agreement on the policy that we will follow. We will never be able to resolve the problem of funds with our present narrow activity, even though we have written in three resolutions in a row that this has had to be resolved in the current year. Thus, we remain the only equipment producing country that does not have a long-term solution for a system for financing these exports.

EKONOMSKA POLITIKA: In this context the issue of the possibility of foreign indebtedness in order to finance exports is an interesting one, since as far as we know there is no agreement on this.

Granfil: The plans and agreements state that the Bank can incur debts abroad and thus finance an expansion of our exports. Even the wealthiest countries get capital on the world market in order to combine it with the funds that they have themselves, and this is a very normal transaction in international indebtedness.

The use of foreign capital accumulation in this way is even more favorable since we are financing goods that are produced in Yugoslavia in order for these loans to be realized in Yugoslavia, and on the other hand, funds used in this way create foreign currency claims abroad. As a rule these are very stable foreign currency reserves, because so far we have not paid more than one percent of the claims.

It seems paradoxical--everyone agrees that it is necessary, but in operation we cannot ensure a solution.

EKONOMSKA POLITIKA: If the problem is linked to the balance of payments positions of the republics and provinces, isn't it possible to make an exception in this case, since these are clear arrangements?

Granfil: We have abided by the standpoint that an agreement has to be reached among all of the republics and provinces. But an agreement is not reached in order for it to be disputed whether it is necessary to incur debts in this way, but rather because this cannot be separated from the "package." My impression is that this is also one of the areas in which administration is a hindrance.

JUBMES's Identity Card

The Yugoslave Bank for International Cooperation, founded on 1 July 1979, performs additional financing for export deals, insurance against non-commercial risks, and through this work links the Yugoslav economy to the world economy. The bank has taken over the role of the former Fund for Financing Export Deals.

During the period from 1976 to 1980, the Bank and the Fund financed 15 percent of the capital goods exports, i.e. 3.9 percent of Yugoslav exports. The regional orientation was: 70 percent of the exports financed were made to the developing countries, 23 percent to the East European countries, and 7 percent to the Western developed countries.

The Bank's analyses, as well as the analyses of authoritative international organizations, show that equipment and technology will have a proportionately more rapid growth in world trade. The strategic significance of the growth of this type of exports in our total exports is reflected in: 1) the effect on achieving a more equal economic position in the international division of labor, since the prices of equipment and technology in the world market are growing more rapidly than the rest; 2) the role of these exports in establishing long-term and modern higher forms of cooperation and a long-term stabilization in the balance of payments; 3) more efficient use of the available plant capacities; 4) the effect on the organization of our approach in exporting complex products with a high degree of processing.

Credit Conditions in the World

The Organization for Economic Cooperation and Development (OECD) coordinates policy in financing exports, and for this purpose has adopted the following:

1. An arrangement on guidelines for official support of export credits (a "gentlemen's agreement"), adopted in July 1976. The conditions are:
 - a minimum mandatory case participation of 15 percent;
 - an interest rate between 7.50 and 8.75 percent, depending on the degree of development of the country receiving the exports (developed, semi-developed, and poor). In November 1981 the interest rates were increased to 10 percent for the poor countries and 11.25 percent for the developed ones;
 - terms of from two to 8.5 years for the developed countries and ten years for the poor countries;
2. An agreement for export credits for ships, in effect beginning 1 December 1979, provides for the following:
 - a minimum cash participation of 20 percent;
 - a term of repayment of 8.5 years;
 - an interest rate of 8 percent, except for some EEC countries for which it may be 7.5 percent;
3. An agreement on export credits for aircraft and nuclear power

Conditions for Additional Financing

The Yugoslav Bank provides additional financing for an average of 70 percent of the value of the deal. The rest is provided by the exporter with his commercial bank.

The credit terms are between two and ten years, including:

- series produced machines and equipment, studies and projects up to five years;
- individual machines, devices, and installations for the machine building, electrical machine building, and telecommunications industries, up to seven years;
- ships, complete plants, investment work, investment in one's own or jointly owned enterprises, up to ten years.

The interest rates are: 5 percent in financing exports of capital goods for convertible currency, 4 percent if financing exports to the least developed countries, and 6 percent for clearing accounts. Commercial banks can increase the interest rate by another 0.5 percent.

Special conditions (a term of 10-13 years, an interest rate of 4 percent) are given for financing exports to the least developed countries, in cooperation with the Solidarity Fund.

Studies and Research Projects

A special decision regulates the method of covering the expenses incurred by members of the Bank in research projects and studies performed in order to promote exports. The Bank provides these funds mainly from its own sources, but may provide up to 50 percent from other sources.

The studies and projects can be ordered by the Bank, but also by the members themselves, in which case the Bank employees do not participate in drawing up the studies or performing the projects.

The criteria for selecting studies and projects can be classed in three groups: economic, financial, and other criteria.

The financing for drawing up studies and research projects is as a rule not returned, but through special contracts between the Bank and the contractors it is possible to specify the conditions for a possible return of the funds spent.

In 1981 the Bank financed ten projects undertaken by its member firms, including PKB, RTB Bor, IMR, FA and Magnohrom.

9909

CSO: 2800/230

PROBLEMS IN REPUBLIC, PROVINCIAL SHARING OF OIL LINE

Zagreb VJESNIK in Serbo-Croatian 14 Feb 82 p 3

[Article by Vlado Raic: "Organizing Pipeline Use Consistent With Self-Management"]

[Text] Another several centimeters have been added to the 761 km of the Yugoslav oil pipeline. In other words, that is the thickness of the written material devoted to the problem of organizing the Yugoslav oil pipeline consistent with self-management. The dispute, at least it so appears at first glance, occurred because of the length of the pipeline, which passes through three republics and one province. At second glance the problem does not lie in the length but in the republics and the province. And at third glance: though there were numerous difficulties and troubles in building that pipeline, organizing it consistent with self-management is not causing less trouble.

What is it about?

It is all a bit sad. After all, less petroleum is flowing through the pipe than the sweat that has been produced in establishing the legal status of the Yugoslav oil pipeline. Two years ago the coordinating committee of the founders, on the proposal of Naftovod [oil pipeline], adopted a decision for the preparations to be made to set up a work organization as soon as possible. That "as soon as possible" was only a fond wish. And nothing more!

The Law on Associated Labor Is as Clear as a Tear

On the last day of February 1980 a working group was named. Its members concluded that there are components in the Yugoslav oil pipeline "which fulfill the legal requirements for organization as OOUR's [basic organization of associated labor]: each part constitutes an operating entity, the performance of such components can be expressed independently in terms of value, and the workers in those components can exercise their socioeconomic and other self-management rights."

Pure Law on Associated Labor, without objection.

There were five OOUR's headquartered in Omisalj, Sisak, Virje, Bosanski Brod and Novi Sad. Plus the work community, headquartered in Zagreb, Rijeka and Belgrade (as necessary).

But, like any other group, this group also had small groups within it. That first proposal was the idea of the first small group. A second small group concluded that the Yugoslav oil pipeline (we are all the time talking about the same pipeline, let there be no confusion) should be organized as two OOUR's: the "Transport" OOUR and the "Maintenance" OOUR, plus the work community, but only one. Its arguments were "the unified nature of the technological process of transport in the pipeline, the mutual technological dependence of all the parts, operational planning needs to be done centrally, for the entire system." To this was added the fact that the Sisak "dispatching component"—the center from which petroleum in the pipe is controlled, when it will flow, when it will stop—is responsible for the movement of petroleum. Given the fact that the "dispatching center" wields the power over the entire pipeline and the petroleum in it, there is no OOUR which could make a decision on that petroleum at its own discretion.

Aside from the detail about the "dispatching center," this is also pure Law on Associated Labor, as clear as a tear.

And what now? Two small groups were unable to work out a joint opinion for a large group. Though it involved the founders of the entire pipeline, the refineries in Novi Sad, Pancevo and Bosanski Brod (the first small group) and those in Zagreb, Sisak and Lendava (the second small group).

If it was easy to reach agreements on construction of the pipeline, it is not so easy to divide up "power" over it. Let us ignore for the moment the fact that each of the groups is carrying the banner of a particular republic or province. The essential thing is that both groups appeal to the Law on Associated Labor. Moreover, to the same article in it, Article 320.

The attentive reader who is interested in how the pipe is organized in the system of self-management certainly has not overlooked that the groups have divided up the pipeline on the basis of two principles: by geography (not to say by republics) and by function. Is there an article in a law capable of two such opposed interpretations?

No One Is Asking the Workers

Back when it was still one large undivided group, the Council of the Federation of Croatian Trade Unions was called on for help. But so that the issue would not be placed in the hands of one of the small groups, that authentic and serious meeting was scheduled for 20 January 1982 at the federal level, in the Federal Committee of the Trade Unions of Fuel and Power and Petrochemical Workers of the Council of the Federation of Yugoslav Trade Unions. In the meantime, during 1981, the proposals of the two small groups became demands. Naftagas and Energoinvest were demanding that the pipeline be set up in such-and-such a way (see above), INA was calling for it to be set up in such-and-such a way (see above, but a bit lower down). Neither of the two groups departed from the opinion as stated. During 1980 and 1981 the collegium of directors of the pipeline proposed that a work organization be created without OOUR's. Within a period of 1 or at most 2 years. However, the proposal was rejected by the coordinating committee of the founders, and matters came to a standstill.

It is interesting that over that entire time no one asked the workers of the Yugoslav oil pipeline: well, now, comrades, what do you think about all this? Nor was the question put to the workers of INA, Energoinvest, and Naftagas. As though they did not exist. The dispute involves only the management structures, and perhaps even the top leaders of the sociopolitical communities, hidden behind them.

What, incidentally, does Article 320 of the Law on Associated Labor state?

The same thing that the first small group gave as its line of argument. But the Law on Associated Labor also has an Article 321. "It shall be assumed that a component of production or of other social labor in a work organization constitutes an operating entity, in the context of Article 320, Subparagraph 1, of this law, if the workers in it are directly linked together by a single work process and are thereby mutually dependent in their work and if in that component they realize joint results of their work through their work with common instruments of labor."

So, that is what the Law on Associated Labor says. It is true that it does not anticipate pipelines extending through three republics and one province, nor does it foresee all those interests which are involved in it, nor that the workers from so many different communities would be responsible for care of the pipeline and of the petroleum in it. We know, incidentally, that no law is perfect.

Who Is Refusing To Listen

But we are not even certain that this is a practice which will correct the law. Especially since there are certain other important things taking place in that practice, such as political gatherings on the order, say, of the Third Congress of Self-Managers of Yugoslavia, at which it was clearly stated: the principal basis of linkage should be production, regardless of republic and other boundaries. If the petroleum which is flowing through the pipeline is the production of an oil pipeline, then there is no more graphic example for carrying out this suggestion of the Law on Associated Labor and the congress.

The question arises: Who is refusing to listen?

We have said that the trade union was also asked for an opinion. We have said that the meeting was held under the sponsorship of the Federation of Yugoslav Trade Unions so that there would not be trade union bias along republic and provincial lines. Fadil Mumini, chairman of the Federal Committee of Trade Unions of Fuel and Power and Petrochemical Workers, called a meeting for the end of this January.

Postponed for Another Occasion

The point of departure was "the right and duty of the workers" to decide on everything, including organization of the self-managing enterprise. There were no workers at that meeting. Who knows why. Nor was there any evidence of the fact that the work process is the basic factor in linkage, rather than capital, and that is why the whole scramble over the pipeline occurred in the first place.

But when the question is not put to the worker, and when work is not honored, then things go as they are going. Then it is clear why the request was made to omit from the report of the Council of the Federation of Croatian Trade Unions on the problems of organizing the work organization of the Yugoslav oil pipeline consistent with self-management the last paragraph, which contained these two facts.

What did the meeting at the trade union level contribute?

Informed sources say--nothing. The issue was postponed for yet another occasion, when representatives of the executive councils of the interested republics and provinces are to meet. But even at the last meeting a very important thing was overlooked: What happened to the trust and assurance that each of the founders would get its share of the income pie regardless of which idea prevailed as to organizing the enterprise? Can it be that in this example the OOUR has become the guardian of the income of the republic or province realized by the fact that petroleum is flowing through a pipeline? And now that we have raised the question of lack of confidence, what is it that is confirming the mistrust even to the point of disputing a law said to be capable (as matters now stand) of being interpreted in two ways?

Or the entire issue is quite simple, quite clearly contained in the answer to the question of to what extent the narrow interest of the republic (and that of the province) is represented in the interest of work and income?

7045

CSO: 2800/244

AGREEMENT LIMITS ELECTRIC POWER EXPORT

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6-8 Feb 82 p 2

[Article by Radmila Jovanovic: "Reins on the Export of Electric Power"]

[Text] As of 1 January of this year none of the eight electric power industries in the country will be able to export even a single kilowatt-hour of electric power without first having obtained consent of all the others, that is, of the Community of the Yugoslav Electric Power Industry. In future there will be more order within that community than there has been in the past, when at times there were ruptures in the Yugoslav electric power system, which is unified from the standpoint of engineering and technology.

In mid-December of last year a self-management accord was signed on joint operation within the Yugoslav electric power system, and it took effect this year. It states very strict rules of behavior which will be the ongoing concern of a particular staff service within JUGEL [Community of the Yugoslav Electric Power Industry], which shall automatically impose financial penalties on offenders.

With the Knowledge of All

The need for foreign exchange will no longer be honored as grounds for exporting electric power if there is a shortage within the country. The accord states that electric power can no longer be exported if there is a customer in the country willing to pay for it on the same or better terms and conditions. An exception is to be made for those amounts which the Community of the Yugoslav Electric Power Industry has contracted to export or on the other hand obligations assumed in intergovernmental treaties.

It is especially emphasized that the parties to the accord can export only that electric power which they themselves have generated and imported for their own needs. Collection and payment on this basis is to go through the foreign exchange account of JUGEL.

Whenever anyone applies for export, the community is immediately required to contact the electric power industry of every republic and province in order to ascertain whether there is a need for additional amounts of power. Yet in recent years there has been no question whatsoever of any constant surpluses of power. For 2 or 3 years now it has not been possible to balance the electric power budget of

the country because domestic generating capacity (along with imports contracted for) was smaller than estimated needs of consumers.

Yet a surplus of power for export could occur under exceptional hydrometeorological conditions, when the inflow of water is so great that storage reservoirs are "up to the neck," when hydroplants are operating at full capacity, and when thermal plants are operating at the technical minimum.

The accord also provides for more economical and reliable functioning of the Yugoslav electric power system: its generating and transmission facilities. All electric power organizations are required to furnish a constant rotating reserve in their annual, monthly, weekly and daily plans of operation of their facilities. Thus each of them will be able to provide aid in a flash should some unit fail anywhere in the country.

Each electric power industry is required to furnish a rotating reserve representing 5 percent of the planned generating capacity on line. But should some unit fail, every power industry is required to put its own rotating reserve on line first. If this is not enough, the other power industries will provide aid with their reserves automatically, through synchronization of the load control center in JUGEL.

The joint rotating reserve will be used for a period of 8 hours. During that time the electric power industry whose unit has gone off line must find a solution: by correcting the fault, by purchasing the necessary power within the country or abroad, or again by extending use of the joint reserve for a specified period of time.

Under the Magnifying Glass at All Times

By contrast with purchases under normal conditions, use of the reserves is based exclusively on solidarity. Power obtained in this way is not paid for immediately. It is recorded by the staff services of JUGEL, which at the end of every month draws up the net amounts of power received and delivered for the power industries of the republics and provinces. A particular power industry may immediately collect for a positive balance from the recipient, but it may also carry it over to the next period.

The organizations pay one another for negative balances on the basis of use of the joint rotating reserve at the average sales price of electric power at the transmission threshold which was in effect during the same half of the previous year within the country, but multiplied by 150 percent. That average price is fixed by the executive board of JUGEL on the basis of the 6-month and year-end statements of the parties to the accord.

Clear rules of behavior have also been envisaged with respect to transmission of electric power to nonneighboring republics and provinces and to them from abroad so that the transmission system, above all the new 400-kv network, would be used with the greatest efficiency. JUGEL also has broad powers here in that the recipient of power transmitted in this way must reimburse the electric power organization transmitting the power for a portion of the cost for transit. Those

costs include power losses in the transmission network and coverage of simple and expanded reproduction, all of which depends on the accurately determined length of the route and the type and level of guarantee of the transit computed at prices in effect.

A Free Hand

The accord also provides rules for reconciling the electric power budgets of the republics and provinces at the national level, conservation of liquid fuels, secondary regulation of the electric power system, coordination of operational control of the transmission network between 400 and 220 kv and matters related to development and maintenance of the Yugoslav control center.

A similar accord on mutual cooperation among the power industries of the republics and provinces existed back some 10 years ago. It was almost completely suitable so long as there was enough power in the country. As soon as some of the power industries and the country as a whole fell behind consumption in building generating and transmission facilities, its first cracks appeared. They have been getting larger and larger in view of the gap between generating costs and electric power rates.

The largest shortcoming of the former accord was that the unity of the Yugoslav electric power system in terms of engineering and technology existed only on paper because the organizations of the republics and provinces were not willing, because of their differing positions, to give JUGEL authority for automatic action in case of a hazard. Differing interests were stronger than common interests up until 8 December 1980, when the system suffered an infarction and almost the entire country was thrown into darkness. Whether people want to admit it or not, this did bring about a more sober attitude in individuals, and ultimately it speeded up adoption of the new accord which has finally given JUGEL a free hand.

To whatever extent the new accord is better than the previous one in its details and as a whole, even it cannot be all-powerful. There is not enough power in the country, and JUGEL, with the broad powers just obtained, will often have to be more than a virtuoso in maintaining the unity of the electric power system.

7045

CSO: 2800/241

SLOVENIAN 'SURPLUS' IN ENERGY ALLOCATION, 1981

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Feb 82 p 8

[Article by Vlastimir Popovic: "Dispute Over 11,000 Tons of Petroleum"]

[Text] Once again this year the Federal Executive Council was compelled to adopt an energy budget of Yugoslavia, since the republics and provinces were unable to agree on their own about the necessary amounts, above all of petroleum and petroleum derivatives. The basic criterion for distribution was last year's consumption, and the republics and provinces endeavored to indicate the largest possible needs. Now, one might say, a majority are dissatisfied or are at least trying to represent things in that way.

Looking at the totals, Slovenia "received" for this year 1,899,000 tons of petroleum and derivatives, which is 11,000 tons more than was consumed last year, but also 11,000 tons less than was necessary according to the republic energy budget. According to the calculations of "Petrol" Slovenia should have received 60,000 tons more of these fuels.

At first it seems that the difference of 11,000 tons is not a large one, but people here say that every single ton that is lacking will have an adverse effect on normal operation of industry and on the regular supply of consumers. After all, it is said, Slovenia did not need those 11,000 tons to create inventories covering 5 or 10 days of consumption, which are the normal stocks, but for urgent everyday needs. If it wanted to build up such industries, then the computation of "Petrol" would come the closest.

Conservation

When the amounts of petroleum and petroleum derivatives envisaged are broken down, it turns out that this year the republic will consume 6,000 tons less of heating oil and more than 80,000 tons less of heavy furnace oil. On the basis of the energy budget of Yugoslavia the republic has been allocated more gasoline and diesel fuel than it envisaged in its own budget. Some are now saying that the republic energy budget was indeed modest in that area. The federal budget, then, is more realistic, at least as far as gasoline and diesel fuel are concerned.

Thus by all appearances this year's consumption of liquid fuels in Slovenia will represent 12.5 percent of total Yugoslav consumption. Consumption of these fuels

over the last 3 years has dropped 28 percent in the republic. The reduction occurred mainly because of greater orientation toward natural gas.

It is true that in Slovenia last year consumption of petroleum and derivatives was 11,000 tons below what has now been approved in the federal budget. But last year, it should not be forgotten, there were frequent stoppages in this republic because of a shortage of these fuels (and also of petroleum as a raw material in the chemical industry). Nor have the amounts been included which Slovenian consumers obtained on their own from other republics and provinces. People here also say that in their budgets they did not make any sort of calculations in the style of "we will ask for the maximum, so that we will get more." It is not said openly, but it is felt that some others have done that in budgeting their needs.

It is felt that Slovenia could not have reduced consumption of liquid fuels more than it has done so far, and that is why they continue to insist on 11,000 tons more of petroleum and derivatives. As is well known, the republic has an advanced manufacturing industry, and usually it is impossible to substitute coal for liquid fuels. Sometimes there are ecological reasons involved. At the same time it is not possible to purchase adequate amounts of better-quality brown coal.

Clean Fuels

According to Slovenia's energy budget, this year's requirement would be 1.91 million tons of petroleum and petroleum derivatives, 8.2 million tons of coal, 232,000 tons of coke, 720 million cubic meters of natural gas, and 8.7 billion kilowatt-hours of electric power. It is the petroleum that is in dispute, while in other segments there are no large discrepancies in the estimates of the federal and republic budgets.

As of now it cannot be stated reliably how much of its need for electric power Slovenia will meet from its own sources. The beginning of the year does not give grounds for optimism. Coal production in the republic this year is anticipated at 6.7 million tons. Last year Slovenia imported large amounts of briquetted coal for general consumption. The federal budget reduced this republic's projected imports by 20,000 tons of briquettes and 32,000 tons of coke. "Kolubara," "Kreka" and Kosovo are expected to provide 470,000 tons of lignite this year and Banovic and Ugljevik 410,000 tons of brown coal.

There is talk now about the supply of natural gas from Algeria in coming years, in addition to the supply from the Soviet Union. Expansion of domestic fields in Lendava is also counted on. It is anticipated that 700 million cubic meters of gas will be imported from the Soviet Union this year, which is the amount imported last year. Yet these amounts are not enough to cover all the republic's needs for that form of fuel.

According to certain computations, gas consumption represents 10 percent of total energy consumption in Slovenia, and over the next 3 years it is supposed rise to 17 percent, coming close to the share of electric power in total consumption. Toward the end of this medium-term period natural gas consumption is expected to be 28 percent higher than in 1981. Industry is orienting toward the so-called "clean" fuels--gas and electricity.

An energy drought is announced in Slovenia for this summer. To what extent these estimates are premature remains to be seen. The creators of the republic budget have obviously been most affected by the allocation of petroleum and derivatives. Nor can it be said that they are satisfied with the anticipated stagnation of consumption in any other republic or province. The smaller purchases of petroleum, no reminder is needed, are the result of the country's payments-balance position. In that light, be it stated in conclusion, manufacturing plants which the entire society has already built can make a larger contribution than in the past to improving the import-export situation. We are referring this time to those plants which cannot replace other types of fuel with coal.

7045

CS0: 2800/242

VOJVODINA PLANS CHANGES IN FUEL SOURCES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Feb 82 p 8

[Text] Vojvodina is striving to halt the growth of consumption of imported petroleum and natural gas for energy purposes through substitution and by conservation. The program for substitution of domestic fuels for imported liquid fuels and natural gas (which is consumed to produce thermal energy in boiler installations and other furnaces in industry, agriculture, public establishments and general consumption) calls for modernization and construction of new energy facilities.

The emphasis is on reducing Vojvodina's energy dependence in the years to come at minimum investment cost. On the basis of an examination of energy consumption up to the end of 1985, preference in construction of facilities for combined production of electric power and heat should be given to Pancevo, Subotica, Vrbas, Kula, Sombor, Kikinda, Senta and Sremska Mitrovica. On the basis of past experience and data collected from the machinebuilding industry, it is estimated that construction of various plants would take between 5 and 7 years. A heating network 120 km long would have to be built in Vojvodina settlements.

It is felt that 1.2 million tons of brown coal has to be provided for the overall energy consumption of 480,000 tons of heavy furnace fuel in those settlements. That amount requires an investment of 3 billion dinars, or 1,500 dinars per year for every ton of coal delivered. That high level of investment points up the need to speed up the opening of coal fields at Kovin, Cerevic and Banostor.

It is felt that 1 million tons of coal could be supplied from Kovin for the heat and power plant at Pancevo, the same amount from Cerevic and Banostor for Vrbas and Sombor, and 600,000 tons of brown coal for Subotica. Construction of facilities in those settlements by 1985 would make it possible to replace 790,000 tons of heavy furnace oil a year, while the present consumption is 480,000 tons of heavy furnace oil, or about 56 percent of total consumption of liquid fuel and natural gas burned in various furnaces in 1980.

Carrying out this program requires that 25 billion dinars be invested: 18 billion for power generating facilities, 4.2 billion for the heating system and 3 billion dinars for fuel. Vojvodina's annual production would be 5.6 million megawatt-hours of heat, 600 gigawatt-hours of electric power and 270 gigawatt-hours in the summertime.

7045

CSO: 2800/242

YUGOSLAV ECONOMIC COOPERATION WITH NIGERIA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Feb 82 p 3

[Article by Miodrag Bjelic: "The Results Also Depend on Our Agility"]

[Text] Nigeria is the most populous country on the African continent and also the country with the greatest economic strength. According to recent estimates, nearly 100 million people live on its approximately 900,000 square kilometers of area. The Moslem population inhabits the northern and eastern regions, and the Christians are in the southeast.

Nigeria is a federation of 19 states. Each has its own budget, which it disposes of freely and independently. The federal budget finances sectors which are under government control and which have vital importance to the country. Lagos, with a population of 4 million, is the capital and largest city, but will be turning over its political function to the new capital (Abuja), which is to be built in the central regions of the country. The anticipated investments to build this city go as high as \$17 billion.

This country's per capita social product is about \$500, and the annual growth rate of the social product is 8-10 percent. Nigeria's economic relations with foreign countries are very vigorous. During 1980 this country's exports were nearly \$24 billion, while imports amounted to \$20 billion. Precise figures are not yet available for last year, but since petroleum production dropped off by two-thirds, a sizable drop in income from exports can be anticipated. Efforts are being made to prohibit imports of many types of goods with various regulations, since they have been growing uncontrollably in recent years. Crude petroleum has the largest share in this country's exports. Nigeria has in recent years experienced an economic boom.

How To Become Part of This Country's Development Program

Nigeria is rich compared to the other countries producing petroleum and many other raw materials: coal, minerals and the like. It has huge areas of arable land. Nigeria wants to base its economy on its own raw materials, and in future it will keep a close watch on imports of raw materials and intermediate products. Imports of foreign manpower have also been strictly minimized, especially with respect to unskilled and semiskilled manpower. What are referred to as legal "quotas" strictly limit the entry of even trained manpower.

Record crude petroleum production of 115 million tons was recorded in 1979. This placed Nigeria among the first six or seven world producers. Petroleum production dropped drastically last year because of the extremely high price (\$40 a barrel) and the slack demand on the world market, and Nigeria therefore had a problem with sales. That is why production in 1981 fell to one-third: from 2 million barrels a day to 700,000. Nigerian readiness to tie exports of crude petroleum to imports of goods and services from Yugoslavia also dates from that period. According to recent reports, petroleum production has again reached 1.5 million barrels a day, which at a price of \$34 can furnish Nigeria sufficient capital for normal fulfillment of a 5-year plan which is a very ambitious one. It is believed that Nigeria's foreign exchange reserves will not be reduced up to 1985. At present they stand at about \$10 billion.

Yugoslavs Have Good Chances

The Nigerian 5-year plan (1981-1985) gives preference to the agroindustrial complex. The so-called Green Plan envisages intensive investments in this sector (\$8 billion). It is expected that during the coming medium-term period this sector will develop sufficiently for it to be able to meet Nigeria's needs for food. Plans call for introducing up-to-date technology in primary production and construction of processing facilities. In addition, sizable capital will be invested in heavy industries, the infrastructure, education and health care.

Plans call for investing about \$500 million during 1982 to build the new Nigerian capital (Abuja). The Nigerian ministry responsible for this city's construction has expressed readiness to allocate one quarter ("district") to Yugoslav contractors for construction with all the envisaged accompanying structures. Whether our construction organizations will take up this job will depend in large part on their organization. The size and complexity of this undertaking makes the consortium approach a necessity. It involves the construction of housing, various institutions, roads, airports, and so on. A group of 3-5 experts is soon to visit Nigeria, where they will become more familiar with all the details of this project. Some 20 Yugoslav construction organizations are interested in this project. The embassy and the joint economic chamber in Lagos are keeping interested organizations informed about this project through the Economic Chamber.

Visible Trade Between Yugoslavia and Nigeria, in thousands of dollars

<u>Year</u>	<u>Exports</u>	<u>Imports</u>	<u>Total</u>	<u>Balance of Trade</u>
1978	18,293	32,617	50,910	-14,324
1979	76,728	110,440	187,168	-33,712
1980	106,430	187,294	293,724	-80,864
1981	36,800	89,400	126,200	-52,600

The decline in the volume of visible trade last year was affected by the termination of delivery of ships to Nigeria: in 1980 ships had a 58-percent share in exports. Among other products, mixed fertilizers had a share of 22 percent. Exports of fertilizers also dropped last year. Further contracts on delivery of ships are uncertain, our exporters have not managed to restructure their export mix to that country.

Last year \$76 million worth of petroleum and \$11 million worth of cacao were imported. According to contracts concluded this year, INA [Zagreb Petroleum Industry] will take nearly 1 million tons from Nigeria, so that we can expect our deficit in the balance of trade to be much larger.

Composition of Exports in 1981, first 11 months, in millions of dollars

1. Pharmaceutical products	15.03
2. Mixed fertilizers	5.72
3. Pyrotechnics	1.71
4. Books in Yugoslav languages	1.62
5. Miscellaneous types of motor vehicle tires	1.65
6. Portland cement	1.41
7. Electrical equipment	1.20
8. Miscellaneous machines	0.90
9. Paints and varnishes	0.93
10. Rolled wire	0.70
11. Generators, transformers	0.36
12. Miscellaneous	1.62
Total	32.7
Total adjusted to 12 months	36.8

The Nigerians declare their readiness to link exports of crude petroleum to imports of goods and services from Yugoslavia: our economy is being offered an opportunity to pay for petroleum with its own goods and services. This year petroleum exports from Nigeria are expected to cost about \$200 million, and our economy--exporters, contractors who work on investment projects and banks--are to get organized and orient themselves toward achieving that kind of arrangement so that last year's large deficit in the balance of trade would not recur.

The Right Way To Do It Is With Joint Enterprises

The experiences of our work organizations present on that market show that this is a very difficult market and that exceptional efforts and considerable investments are necessary to obtain business. Business cannot be conducted in this country unless a joint firm is established; such a firm, depending on its registration, can do business in one or in all 19 federal states. Founding capital usually ranges between 5,000 and 10,000 (nair) (1 N = \$1.5 U.S.). These costs are not in fact excessively high when compared to the expenses of representative offices. It costs about \$500,000 to open a small branch office, and the annual expenses are several hundred thousand. In Nigeria there are representative offices of the organizations: Progres, Astra-Masinoimpex, INA Energoprojekt, Energoinvest, Splosna plovba and Ljubljanska banka.

Up to now it has proven very advantageous to establish bonded warehouses for our goods in that country. There are a large number of small commercial firms in Nigeria, and goods are often bought at retail. Progres' experience with sales through the bonded warehouse might be very beneficial. Unfortunately, the poor cooperation among our exporters is also evident in the fact that many of our organizations know little about these possibilities. Nigerian laws and regulations

are not well known to say the least, and every organization is on its own dealing with the particular situation, rather than entering into business arrangements on an ad hoc basis. When a joint firm is established, the Nigerian partner usually invests 60 percent of the founding capital, but often, taking advantage of our ignorance, it concludes a contract which is unfavorable to our own OUR [organization of associated labor] and derives a manifold benefit. Our organization may even wait several years to correct an error made in signing a multiannual contract in ignorance of regulations and the situation on the Nigerian market.

The joint companies established in Nigeria are the following: NECCO Ltd, Lagos (Energoprojekt); Galenika-Nigeria Ltd, Lagos; Yugo-Herwa Shipping Company Ltd, Lagos (Jugobrod); Niger Progres Ltd, Lagos; Tehnoimpeks; Niger Imos Ltd, Lagos; Danube Chemical Ind. Ltd, Awka (JUB, Dcl pri Ljubljani); Gradis Ltd, Lagos; Meblo Furniture Nigeria Ltd, Ogoja; Nigeria Engineering Services Ltd, (MINEL); Elektromontaza Nigeria Ltd, Mina; Neimar Nigeria Ltd, Lagos; Genex Nigeria Ltd, Lagos; Yugobrod Pinwest Africa Ltd, Lagos (PIM, Belgrade); Monting Ltd, Ibadan (Montenegro-export); Maya-Vojvodinaput Road Company Ltd, Benin.

Only a few days are required to register or establish a joint company in Nigeria. It is very important to select the right partner.

The following organizations are establishing (or have already established) joint companies: Rad of Belgrade, Dom of Belgrade, Kosovoprojekt, Primorje of Rijeka, Geotehnika of Zagreb, Lek of Ljubljana, Energoprojekt of Belgrade, Hmezad of Zalec, Srbijaput of Belgrade, Brodomaterijal of Rijeka, INGRA of Zagreb, Termofriz of Split, Partizanski put of Belgrade, Sever of Subotica and Napred of Belgrade.

Nigeria has obviously become very active from the business standpoint, but people go there without appropriate preparations. The joint economic chamber in Lagos is often not informed or is contacted when the error has already been committed.

Efforts of Contractors

Cooperation with this country in building investment projects has up to now been conducted through the activity of NECCO. This joint company employs more than 4,000 Nigerians and about 150 Yugoslavs. In 1980 it did more than \$100 million worth of business. Last year NECCO brought to a successful conclusion construction of the Kiri irrigation dam. The volume of business was greater than in 1980. The contract was obtained for designing and building the fairgrounds at Kano (\$30 million). Many problems have arisen, and Energoprojekt is seeking new partners. Within NECCO Energoprojekt has the federal government of Nigeria for a partner.

Large jobs have also been refused to build irrigation systems in the states of Kano and Gongola.

Meblo expects \$10 million worth of business this year. Gradis, Kosovoprojekt, Vojvodinaput, Neimar, Dom, MINEL and PIM expect to begin work this year, but specific jobs have not yet been contracted for.

JUB of Dol pri Ljubljani is successfully manufacturing paints in its new factory (the entire output for 1982 has been purchased). It is expected that the Dajub joint company will build several other similar factories in various regions of Nigeria.

INGRA has obtained the job of building cement warehouses in a Nigerian seaport together with a Nigerian partner. This terminal will also be capable of use for other goods.

Elektromontaza of Ohrid has concluded electrification contracts in the amount of \$4.5 million. This is a very successful beginning, and it can be expected that new business will be obtained.

Rade Koncar of Zagreb has finished generators (\$10 million) for a Nigerian hydro-plant.

Progres will deliver trucks and buses (FAP-FAMOS) worth \$10 million this year.

Emona is conducting negotiations to obtain contracts for building several hog farms. The value of this job runs to the fantastic sum of \$190 million. The talks are going successfully, but problems have arisen concerning the large-scale corn-growing operations necessary for these farms. That is, Progres withdrew from this project because of unfavorable terms and conditions on the Nigerian side. The new situation which has come about is that the Nigerian partner has offered much more favorable terms and conditions, and certain of our other organizations might take up this job. Certainly this is an opportunity to export our agricultural machines.

Organizations of associated labor in Vojvodina (Agrovojvodina, Agroindustrija, D-T-D [Danube-Tisa-Danube Canal]) are conducting talks about building livestock farms in the state of Kano. PPS of Osijek has sold its Nigerian partner a study on the construction of fish ponds, but the partner has not yet responded.

Partizanski put has obtained the contract for building the railroad line from Enugu to Makurdi, a job worth about \$326 million.

INA has signed a self-management accord with Partizanski put concerning joint efforts on the Nigerian market. It is a question of the possibility of paying for imported petroleum with the services and construction work of Partizanski put.

Imos-inzenjering will begin to operate a quarry and separation plant this year in (Abuja).

There is a high tax on profit in Nigeria, so that the greatest opportunity of our OUR's is to export equipment.

The governor of the state of Kano in Nigeria visited our country last December as the head of a delegation consisting of some 10 experts. He was a guest of Energo projekt, Invest-import of EI [Electronics Industry]-Nis, Agrovojvodina, Smelt, Slovenijales, Lek and Progres. There were also conversations about a number of projects, and the members of the delegation familiarized themselves with our

economy's capabilities during their stay in Belgrade, Novi Sad and Slovenia. One of the central topics was involvement of our OUR's in building livestock-raising farms in Kano.

We Dare Not Be Unprepared

The next meeting of the joint committee for economic cooperation between the two countries is planned for 20 March in Lagos. The topics of the talks include the problem of double taxation and protection of investments, the possibilities of linking exports of our goods and services to imports of Nigerian petroleum. In the balancing of petroleum it would be necessary to indicate separately the amounts which are directly balanced by exports of equipment and those balanced by work on investment projects. In addition, bank mechanisms have to be provided for regulating the discrepancy between exports and the petroleum produced as well as the related payments problem.

In view of our need to secure adequate amounts of imported petroleum on a long-term basis, the Nigeria side would have to provide us the necessary information on an ongoing basis concerning marketing opportunities for our goods--all aimed at providing the necessary funds to import petroleum. If such arrangements come about, even partially, they must not find our economy (above all the association of banks) unprepared, which could mean a repetition of the example of Iran.

The next meeting of the joint committee should offer concrete results which can serve as the basis for the Yugoslav economy to become more intensively involved in carrying out the Nigerian 5-year development program.

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BRIEFS

SLOVENIAN-MACEDONIAN PROJECTS--Representatives of the executive councils and economic chambers of Slovenia and Macedonia have signed an agreement on building several economic projects which will be financed from the Fund for Stimulating Underdeveloped Republics and the Province of Kosovo. According to the agreement, Slovenian and Macedonian work organizations will build 11 projects in Macedonia. For this purpose, 40 Slovenian OURs (organizations of associated labor) will pool 605 million dinars. The most important project will be the lead and zinc mine to be built in Toranic near Kriva Palanka. The lead mine and smelter in Mesica [Slovenia], the "Cinkarna" enterprise in Celje and the "Zletovo" mining-smelter combine in Macedonia will pool their funds and labor for this purpose. Total investments in this mine will amount to about 2 billion dinars, two-thirds of which will be provided by the Slovenian partners. [Excerpt] [Belgrade BORBA in Serbo-Croatian 13 Feb 82 p 1]

TRADE WITH IRAQ--Last year the value of commodity trade with Iraq was \$968.3 million, with Yugoslav exports amounting to \$579.3 million (89 percent more than in 1980) and Yugoslav imports amounting to \$388.6 million (56.5 percent less than in 1980, because of reduced oil imports), thus achieving for the first time in trade with this country a positive balance of trade. On the basis of the program for this year, Yugoslavia should export \$700 million worth of goods. In 1981 Yugoslavia purchased 1.22 million tons of oil from Iraq; this year it expects to buy 3 million tons. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Feb 82 p 1]

FINANCE TALKS WITH HUNGARIAN AMBASSADOR--Yesterday Petar Kostic, Federal Secretary for Finance, received Pal Simon, ambassador of the People's Republic of Hungary in Yugoslavia; they discussed bilateral, financial-banking relations, the situation on the international capital market, and in connection with this, especially, international interest rates. [Text] [Belgrade BORBA in Serbo-Croatian 17 Feb 82 p 7]

FRENCH ENTERPRISE DIRECTORS' VISIT--Dusan Popovski, SFRY ambassador to France, visited Michel Jobert, state minister of the French government responsible for foreign trade and president of the French part of the French-Yugoslav committee for economic, scientific, and technical cooperation. They examined preparations for the coming visit to Yugoslavia of several directors of large French enterprises to be led by Minister Jobert next month. [Text] [Belgrade BORBA in Serbo-Croatian 17 Feb 82 p 7]

FOREIGN EXCHANGE SAVINGS--At the end of 1981 citizens had a total of \$10.7 billion in foreign currency savings accounts. During the course of last year \$5.9 billion was deposited and \$3 billion withdrawn from these accounts. Of these \$3 billion only one-quarter was changed into dinars. If the exchange were made more attractive, and it could be, those who have hard currency could change one-third or one-half [into dinars]. [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 25 Jan 82 p 6]

OSIJEK, LARGEST RIVER PORT--The largest river port in Yugoslavia is being built at Osijek on the Drava River which was proclaimed an international waterway 3 years ago. The port will be completed by 1985 (it is already being partially used) when it will handle 5 million tons of goods annually. [Excerpt] [Belgrade BORBA in Serbo-Croatian 15 Feb 82 p 12]

POPULATION SHIFTS IN SLOVENIA--From 1970 to 1980 the proportion of the peasant population in the total population of Slovenia declined by 12 percent, while the total population of the republic increased by 177,779, or more than 10 percent. This includes about 57,000 persons who moved in from other republics and provinces; in 1980 this influx began to decline. Also during this period about 10,000 Slovenians went abroad to work, but about 6,500 have now returned. In 1970 35 percent of the population was employed, while in 1980 42 percent was employed and in 1982 this percentage is expected to be 47 percent; in 1980 women accounted for 44 percent of the employed. [Excerpt] [Belgrade BORBA in Serbo-Croatian 6 Feb 82 p 3]

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